

**8/14/78**

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# WITHDRAWAL SHEET (PRESIDENTIAL LIBRARIES)

FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
<del>Memo</del>	<del>Frank Moore to Pres. Carter, w/attachments 17 pp., re: Weekly Legislative Reports</del> <i>OPENED 4/18/06</i>	<del>8/12/78</del>	<del>A</del>
Memo	Harold Brown to Pres. Carter, w/attachments 4 pp., re: Defense Summary	8/11/78	A
Memo	Edward Sanders to Pres. Carter, w/attachments 3 pp., re: Sen. Cranston Phone Call	8/11/78	A
Memo	<del>Henry Owen to Pres. Carter, 2 pp., re: Wheat Set-aside</del> <i>opened per RAC NLC-126-14-2-1-3, 6/12/13</i>	8/11/78	A
Cabinet Summary	<del>Andrew Young to Pres. Carter, 1 pg., re: UN Activity</del> <i>opened per RAC NLC-126-14-2-1-3, 6/12/13</i>	8/11/78	A
Memo	Lipshutz to Pres. Carter, w/attachments 2 pp., re: Estroff Visit	8/14/78	C

## FILE LOCATION

Carter Presidential Papers-Staff Offices, Office of Staff Sec.-Presidential  
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## RESTRICTION CODES

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THE PRESIDENT'S SCHEDULE

Saturday - August 12, 1978

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9:00

Dr. Zbigniew Brzezinski - The Oval Office.

THE PRESIDENT'S SCHEDULE

Sunday - August 13, 1978

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9:50 Depart South Grounds via Motorcade  
en route the First Baptist Church.

10:00 Sunday School.

11:00 Morning Worship Service.



THE PRESIDENT'S SCHEDULE

Monday - August 14, 1978

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8:15            Dr. Zbigniew Brzezinski - The Oval Office.

9:10            Depart South Grounds via Helicopter en route  
                 Andrews Air Force Base and Columbia,  
                 Missouri.

4:30 PM

THE WHITE HOUSE

WASHINGTON

August 11, 1978

MEETING WITH SENATORS CHARLES McC.  
MATHIAS, TED STEVENS, CHARLES  
PERCY AND ABRAHAM RIBICOFF

---

Monday, August 14, 1978

4:30 (15 minutes)

The Cabinet Room

From: Frank Moore

I. PURPOSE

To facilitate a final agreement in the Senate on Civil Service reform.

II. BACKGROUND, PARTICIPANTS & PRESS PLAN

- A. Background: Senator Mathias has not been bargaining in good faith on Civil Service reform. Despite statements that he favors a bill with some amendments, he has been doing everything he can to delay formal agreement on a package of amendments to be supported on the floor. His tactic is to find excuses for not meeting with Ribicoff and Percy to resolve outstanding issues.

We would like to use this meeting as a means of getting all the parties together. If possible, we would like to make this a working session where a time agreement is actually struck for floor consideration.

- B. Participants: The President, Senators Mathias, Stevens, Percy and Ribicoff, Scotty Campbell, Stu Eizenstat, Frank Moore and Bob Thomson.

- C. Press Plan: White House photo only.

III. TALKING POINTS

A. You should briefly stress the importance of civil service reform. You should also express as much optimism as possible about chances for the bill in the House, repeating any assurances you may have received from the Speaker if that is possible.

B. We understand that conceptual agreement on four issues has been reached at a staff level. You do not need to discuss these in detail, although they are presented for your information on an attached sheet. However, you express your understanding that agreement is very near, and your hope that the Senators and staff could come to final agreement at this time on the substantive issues and decide on the terms for a time agreement.

C. Senator Mathias should be asked to respond first. He will be slippery as usual. You should feel free to press him for a commitment to allow this bill to be scheduled on a date certain. We must try to pin Mathias down to a date certain at this meeting, even if that involves somewhat of a confrontation.

D. Senator Stevens will be more of a problem. He is carrying water for the unions and will resist having this bill scheduled at all. He is now the major impediment to success in the Senate. However, he is not dealing from a position of strength on the issue. He is in trouble at home over the Alaska lands issue and his position as minority whip makes him a doubtful filibuster leader on a popular bill such as this. He should be pressed hard as well. Stevens respects power and strength. On this issue, the politics are on our side.

E. Stevens may insist that Senate action be delayed until after House action. You should not hesitate to label this as precisely what it is - a delaying tactic designed to kill the bill. There is no substantive reason for the House to act first. The House has ~~already~~ gone first on any number of difficult issues already such as lobby reform and Alaska lands.

F. If Stevens raises questions about the Hatch Act, you should repeat our position that we favor it as a separate bill and plan to pursue it next year, but we do not support it as an amendment to the civil service reform bill. It is common knowledge that Senate Republicans will filibuster Hatch Act Reform, and it cannot pass this year. Stevens favors the reforms.

G. You should close by turning the meeting over to Scotty Campbell and Stu Eizenstat. In closing you might mention that this is the most Republican bill you have sent to the hill. It involves using management principles common to the private sector to run the government more efficiently. You can question why these two prominent Republicans are blocking early scheduling of this bill.

IV. ADDITIONAL INFORMATION

Charles McC. Mathias, Jr.    Wife: Ann  
Administration Support: 85.1%

Committees:

Committee on Appropriations (6)  
Committee on Governmental Affairs (5)  
Committee on the Judiciary (2)  
Select Committee on Intelligence (4)

Ted Stevens    Wife: Ann  
Administration Support: 31.9%

Committees:

Committee on Commerce, Science and Transportation (3)  
Committee on Governmental Affairs (4)  
Committee on Appropriations (5)

Charles Percy    Wife: Lorraine  
Administration Support: 78.3%

Committees:

Committee on Foreign Relations (4)  
Committee on Governmental Affairs (RMM)  
Select Committee on Nutrition and Human Needs (RMM)  
Special Committee on Aging (3)

Abraham Ribicoff    Wife: Lois  
Administration Support: 89.4%

Committees:

Committee on Finance (3)  
Committee on Governmental Affairs (Chairman)  
Select Committee on Ethics (2)  
Joint Committee on Taxation (3)  
Joint Economic Committee (4)

The Ribicoff, Percy and Mathias staffs have agreed conceptually on the following issues. The Stevens staff has not been a party to the agreement.

#### 1. MSPB REVIEW OF OPM REGULATIONS

The Merit System Protection Board would have additional power to strike down Office of Personnel Management regulations if the regulations would lead to personnel practices prohibited by law. The Special Counsel of the MSPB could initiate proceedings to review such regulations.

#### 2. SENIOR EXECUTIVE SERVICE

The Senior Executive Service positions now in the competitive career service would be presumed to remain so. However, the OPM could make a percentage of these non-career based on legislative standards.

#### 3. EXAM DELEGATION

The PACE and similar government-wide exams would not be delegated to agencies for administration.

#### 4. LABOR RELATIONS

An advisory committee of 7 management and 7 labor representatives would be created to advise OPM on government personnel regulations. Also, the "bad faith" standard for awarding attorneys' fees to employees successful in MSPB proceedings would be extended to arbitration proceedings where an employee prevails.

Although we would prefer no amendments on these issues, we can live them if they buy us Mathias' active cooperation. We have not seen the final language of these amendments, however.

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THE WHITE HOUSE  
WASHINGTON

August 14, 1978

Frank Moore

The attached was returned in  
the President's outbox. It is  
forwarded to you for appropriate  
handling.

Rick Hutcheson

cc: The Vice President  
Stu Eizenstat  
Hamilton Jordan  
Jack Watson

~~CONFIDENTIAL~~

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E.O. 12057, SEC. 3.5(c)  
WHITE HOUSE GUIDELINES, AUGUST 28, 1997  
BY 9 DATE 4/17/00

THE WHITE HOUSE

WASHINGTON

August 12, 1978

~~CONFIDENTIAL~~

MEMORANDUM FOR THE PRESIDENT

FROM: FRANK MOORE

SUBJECT: Weekly Legislative Report

DOMESTIC POLICY ISSUES

1. NATIONAL ENERGY ACT

--Natural Gas Compromise: A majority of Conferees have still not signed the Conference Report as of this writing. Among other things the delay in obtaining sufficient concurring signatures reflects the frailty of the compromise reached in June. On the Senate side, four Senate Conferees (Johnston, Domenici, McClure, and Hatfield), are quoted to the effect that they will not sign the Report unless it is rewritten to conform to their understanding of the original compromise agreement. If the signatures of a majority are finally obtained, the Senate would be expected to take up debate immediately. A fair presumption is that the longer it takes to obtain a majority of Conferees' signatures, the lesser the chance for success in that task.

2. TAX PROPOSALS

--Hearings on the House-passed bill will begin in the Senate Finance Committee this week. As you know that Committee is not reform-oriented. "Special interest" lobbyists are likely to continue to work their way.

3. TUITION TAX CREDITS

--On Friday, debate began on the Packwood-Moynihan bill to permit a tax credit for portions of tuition paid to private elementary, secondary, and postsecondary schools. The Administration opposes all credits. We are supporting the effort of Senators Hollings and Hodges to delete the elementary and secondary tax credits, and vote counts are promising. Hollings and Hodges should be thanked regardless of the outcome -- they've

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worked hard on this. Votes on the Hollings amendment and on final passage are expected on Monday and Tuesday.

#### 4. ERA EXTENSION

--Expected schedule - general debate on Monday with key votes on Tuesday. On Friday, the Women's groups reported a count of just over 180 opposed to rescission. This promises to be the most difficult amendment. White House Congressional Liaison and Wexler will continue working on this. The Missouri Members who will be with you on Monday are all reported as favoring rescission. You might want to talk with them about this issue.

#### 5. URBAN POLICY

--LIPW/LPW: The Senate Committee on Environment and Public Works has scheduled a markup for Tuesday afternoon. If Senator Burdick's Subcommittee acts favorably, the full Committee will mark up LIPW on Wednesday.

--Commerce met with Senator Moynihan last week, and he agreed to be the Administration's spokesman on LIPW. He subsequently persuaded Senator Burdick to schedule the markup. Senators Burdick, Moynihan, Culver, Hodges and Gravel are supportive of moving the legislation. Senator Hart will help if the Administration will continue to push his Energy Impact Bill. Senator Bentsen is supportive if he can win support for a bill of his (S.2997) which provides \$45 million to assist in school construction along with the Texas/Mexican border. He will probably try to tack this on to LIPW. Senator Muskie and the Republican Membership of the Committee continue to be solidly opposed to LIPW.

--Commerce, DPS, Wexler and White House Congressional Liaison will meet Monday morning to develop strategy including increased involvement by public interest groups. This will be the decisive week for LIPW.

--The House Committee on Public Works and Transportation is also likely to mark up a LPW/LIPW bill on Tuesday and Wednesday. The anticipated House bill will not be acceptable to the Administration. It will be far over budget and heavily oriented toward "hard public works".

--Supplementary Fiscal Assistance: The Senate Finance Committee Thursday voted to report to the floor a modified version of the Moynihan-Hathaway compromise bill on countercyclical and supplementary fiscal assistance. The vote represents a victory for the urban policy.

The bill would:

- (a) extend the countercyclical program for two years;  
and
- (b) provide that as the countercyclical program is turned off (when the national unemployment rate falls below 6%) a separate program takes effect that:
  - (1) allocates \$150 million -- 2/3 to local governments and 1/3 to state governments whose unemployment rates exceed 4.5%; and
  - (2) distributes those funds to these governments on the basis of either the countercyclical allocation scheme or the General Revenue Sharing scheme, depending upon which scheme treats the particular government more favorably.

--Neighborhood Self-Help; Livable Cities: HUD reports that Ashley seems prepared to accept these two bills in the HUD Authorization Conference scheduled to begin this week.

--HUD Authorization: HUD reports that the conference is likely to be long, because of the difficulties which are anticipated in resolving the issues presented by the House's adoption of the Garry Brown amendment which would weaken HUD's powers to target Community Development Block Grant funds to low and moderate-income persons. Other issues include the House approved one-house veto of HUD regulations; the Senate approved provision to reverse HUD's field reorganization; the Senate approved provision broadening the UDAG eligibility program to include "pockets of poverty"; and the House adopted provision narrowing the "expected to reside" rule to limit the numbers of low-income families which some suburban communities will be required to house under the Community Development Block Grant program.

## 6. CETA

--House consideration of the CETA reenactment bill will be continued the week after Labor Day. The bill was pulled after 13 amendments had been added.

--Major amendments included the Jeffords amendment to take \$1 billion out of Title VI, placing \$400 million of it in the youth title and \$100 million in the private sector initiative. This cut would reduce the number of PSE jobs available by a little over 100,000. The Jeffords amendment would also set specific

authorization limits for all titles for the next four years.

--The Obey amendment would reduce the wage levels in the House bill to a Federal maximum of \$10,000 with supplementation up to \$12,000 in high wage areas under title VI. The national average would have to be at \$7,000. This average may be increased each year up to the CPI or such lower figure as the Secretary would establish.

--The Erlenborn amendment, which was accepted in lieu of the Krebs amendment that had been agreed to by the unions and public interest groups, leaves the payment of retirement benefits close to existing language with many of the same problems.

--When the House stopped work on the bill there were approximately 30 additional amendments which could be offered. The mood of the House was such that most of the weakening amendments would have passed. Given the insensitivity of this Congress to minorities and the poor, it is by no means certain that a good bill will come out of the House. White House Congressional Liaison, DOL, and Wexler will meet this week to plan a public campaign to try to minimize the damage in the House.

--DOL is more hopeful about the Senate -- where consideration is expected before Labor Day.

#### 7. AIRLINE DEREGULATION

--The House Rules Committee is expected to grant an open rule on Tuesday. We expect floor action the week of September 12.

*Frank  
see me*  
--In the Senate, the Budget Committee voted 10-2 to grant a waiver of the Budget Act for the Noise Bill. The Finance Committee is the only remaining hurdle in the Senate. We have not pushed the legislation in that committee yet.

#### 8. OMNIBUS PARKS

--Status remains much unchanged, with rather delicately balanced negotiations continuing between Administration and the subcommittee chairmen in an attempt to bring the bill more in line with your budget.

--As last reported, the Senate Committee plans to report their bill out prior to the recess, but Senate Floor action and Conference will be after the recess.

9. CIVIL SERVICE REFORM & REORGANIZATION

--The Civil Service Reorganization Plan became effective on Friday, after being approved by the House on Wednesday; the vote in the House was 381 to 19.

--As you know, the reform legislation continues to face a seemingly never-ending series of difficult hurdles. After the disappointing House session on Friday, a group from the Administration met with Udall, Ford and Clay in an effort to find possible areas of compromise, but that was unsuccessful.

--Although civil service reform is now set for consideration again Thursday, August 17, we may not want it to come up then unless we have reached an agreement on strategy with Udall. As mentioned in our discussion late Friday, negotiations with AFGE and AFL-CIO on Title VII have made some progress. If we can reach agreement there, and then with Udall, we probably will push for the Thursday slot. Scotty Campbell will be talking with Udall and with Bill Ford on Monday.

--There is a glimmer of hope on the Senate side. Mathias has indicated that he is close to agreement with Percy. You are set to meet with Ribicoff, Percy, Mathias and Stevens, late Monday afternoon and hopefully, a deal can be cemented at that time. There is, as well, a slim possibility that the bill will be brought to the Senate floor later in the week. Congressional Liaison officers from the Cabinet departments have been given Senate assignments in anticipation of action in that chamber.

--We are continuing our work with outside groups in order to sustain public and press interest in the issue and to focus that interest on Members of Congress. All relevant offices in the EOP are working on this aspect of our strategy.

--Department of Education: On Tuesday (August 8), Chairman Brooks' subcommittee favorably reported (8-3) the Department of Education bill. The principal changes to the bill during subcommittee mark-up were deletion of the Department of Agriculture child feeding and nutrition education programs, the NSF science education programs, and the BIA Indian schools.

--Full committee mark-up commenced Wednesday (August 9) with a major effort by Representative John Erlenborn (R., Ill.) to delay consideration of the bill by objecting to unanimous consent requests and asking for repeated roll calls. While Democratic opponents of the bill (primarily Representatives Ryan, Rosenthal) have not been quite as obstreperous as Erlenborn, they have greatly

assisted his efforts by proposing a large number of amendments to the bill. Ryan has been the worst of the two. Notwithstanding the delays, we remain hopeful that the mark-up can be completed before the August recess.

--To date the principal actions at the full committee mark-up have been adoption of an amendment (opposed by the Administration) transferring vocational rehabilitation programs from HEW to the new Department of Education (29-9) and successfully defeating amendments (17-19 and 20-21) that would have deleted the transfer of the DOD overseas schools. Full committee mark-up will resume on Monday (August 13).

--We have not yet decided whether to attempt to restore at least the transfer of the nutrition education programs from USDA. Assuming we can complete full committee consideration next week, we believe we will be able to report the bill with a 5 or 6 vote margin.

--The House Rules Committee has informed authorizing committees that bills not reported by the 11th will not be considered this year, but it is not yet certain that the Department of Education legislation might not be able to gain an exemption; the staff of Government Operations believes there is a chance of getting a rule. Early Senate action on its version would be a help in this regard.

--The Senate Governmental Affairs Committee filed its report on Thursday (August 10). Prospects for favorable Senate action remain good, though it is unlikely before September.

--ERISA: The plan has been transmitted to the House Government Operations and Senate Governmental Affairs Committees. We do not anticipate joint referral to all four tax and labor committees. The 30-day amendment period will expire September 28. Because less than 60 days remain in the session, both Houses must vote down a resolution of disapproval before the October 7 recess to put the plan into effect.

--Congressman Erlenborn and Senators Javits and Williams have insisted that a provision be added to the plan that the Administration be required to reevaluate the recommended division of authority in mid 1980. Chairman Brooks agreed to the evaluation provision, which was added to the plans as transmitted.

--Emergency Preparedness: Immediately prior to taking up the Education bill on August 9, the House Full Government Operations Committee voted favorably (29-4) to create FEMA. The four opponents were all Republicans. However, both Representatives Horton and Erlenborn voted for the plan.

the loss of approximately 8,000 units of assisted housing. In addition, the Proxmire-Mathias amendment would reduce funding for action grants by \$20 million and \$15 million in the Section 312 Rehabilitation Loan Program. The Proxmire amendment package also contained cuts of \$250 million to EPA's budget, \$10 million to the National Science Foundation research budget and \$5 million to NASA Research and Development.

(Passed House and Senate - Conference expected early September)

--Interior: Passed the Senate on Wednesday -- \$381 million over the Administration budget. The House bill is \$459 million over our budget.

(Passed House and Senate - Conference likely this week)

--Labor-HEW: In action taken on August 9, the Committee: included \$2.1 billion for the Basic Educational Opportunity Grant (BEOG) program; deleted the Walker amendment on racial quotas by a 4-3 vote; defeated a motion by Brooke to remove the Eagleton-Biden anti-busing rider by a 13-8 vote. Senator Magnuson, supported by Eagleton and Proxmire, came out strongly for cutting \$109.4 million from impact aid with Mathias, Hollings and Bumpers opposing the cut. A vote on this issue has been deferred until this week.

(Passed House, in full Senate Committee mark up)

--Public Works: During floor action Thursday, the Senate approved by a vote of 89-5, most of the committee recommendations. Senator Johnston offered an amendment to delete funding for the controversial Meremac Park Lake, since the people of Missouri voted against this project in last Tuesday's referendum.

During floor consideration of the bill, Jim McIntyre sent a letter to the Senate Leadership, informing them that in his judgment, "the bill in its current form is not in accord with President's program", and he would have difficulty recommending its approval.

--Anne Wexler will be coordinating an information dissemination campaign on this bill. Other offices involved are DPS, Rafshoon, Jody and WHCL. The effort is to prepare outside interest groups for a possible veto and to line up groups and people to help sustain a veto if it comes to that.

(Passed House, Passed Senate, Conference likely this week)

--In the Senate, the Governmental Affairs Committee expects to vote out the resolution today or Monday. We expect favorable and perhaps unanimous action. Although now unscheduled, there will be a floor vote in the House but not in the Senate.

#### 10. SURFACE TRANSPORTATION

--The Senate is expected to take up the highway/transit bill late next week.

--DOT is working with the Public Works Committee to defeat two amendments to the highway title which would significantly increase the funding levels: a Culver amendment to raise the bridge program authorization by \$150 million, and a Huddleston amendment to provide \$100 million for coal road improvements. Because of his current race, Senator Randolph will support Huddleston and may support a Culver compromise of \$75 million. It should be noted that the "coal roads" issue is a hot one in parts of the South. Since pressure is building on the bridge amendment, DOT is concentrating its efforts on informing the Senate that the bill already increases the program by 250% and that further additions could not be used productively. DOT says it needs White House assistance on this bill.

--In the House, H. R. 11733 has not gone to Rules because Public Works and Ways and Means have not yet completed their report. Rules has been informed of the bill's priority and may consider it next week. If it is not considered next week, the bill could conceivably become a victim of the schedule. In the meantime, DOT is putting together a list of expected floor amendments and is developing a strategy for conference.

#### 11. APPROPRIATIONS

--Agriculture: The Senate last week approved a FY79 Agriculture appropriations bill smaller than the House-passed bill but still about \$300 million over your budget. USDA proposed and worked with Senators Eagleton and Bellmon on an amendment that cut \$126.5 million out of the bill after several expensive amendments were added to the bill on the floor. The net increase on the floor was \$3.7 million. Conference is expected in early September.

--Going to conference, both the Senate and House versions of the bill contain discretionary funding increases, and the House version contains highly objectionable language restricting ability to manage the Executive work force.

--HUD-Independent Agencies: Last Monday the Senate completed work on the bill after having approved a Proxmire-Mathias amendment which cuts \$510 million from the Administration's request for funds for HUD's assisted housing programs. This cut would result in

--DOD: The House completed floor action on Defense Appropriations on Wednesday. As you know, we were unable to delete funding for the nuclear carrier. WHCL feels that DOD congressional liaison failed to exert the necessary effort on this matter. As a result, we asked DOD to submit a report outlining the reasons for the defeat of the Yates Amendment (to delete funds for the CVN). Efforts are being taken to prompt DOD to provide the necessary resources for efforts on the Senate side.

--A host of retired admirals appeared on the Hill to lobby against the Administration's position; this obviously hurt.

--Although we lost on the CVN, two favorable amendments were adopted:

- (1) removal of restrictions on the consolidation of Navy undergraduate helicopter training with the Army and Air Force at Fort Rucker, Alabama and,
- (2) removal of language which limited competitive rate bidding on the transportation of household goods.

--Both of these could save considerable money. However, they could both face formidable opposition in the Senate. On the helicopter consolidation, Senators Stennis and Chiles have thwarted our efforts in the past, and on the competitive rate, Senators Magnuson, Jackson, Stevens, and Inouye are strongly opposed.

--The DOD bill was also caught up in the abortion controversy. Before final passage, an amendment by Rep. Dornan was adopted which prohibits abortions in military hospitals except where the life of the mother is in danger.

--The Senate Appropriations Defense Subcommittee will complete mark-up early this week, and full Committee mark-up will follow immediately. We plan another effort to delete the funds for the nuclear carrier. Senator Bumpers has agreed to lead the fight.



FOREIGN POLICY ISSUES

1. SECURITY ASSISTANCE CONFERENCE

--The Security Assistance conference will resume Monday or Tuesday, whenever the conferees finish the economic assistance authorization.

--The Turkish Embargo is the most important remaining issue. We can live with either the House or Senate versions but would prefer to avoid the Presidential determination required by the House. Lee Hamilton has produced some compromise language and is working with Brademas to see if it can be made acceptable to him.

--Another important remaining issue is the Baker Amendment which would repeal the McGovern Amendment on immigration of Communist labor leaders, etc. George Meany has reportedly put out a 13-page letter to the conferees supporting Baker. Baker, however, is the only conferee who voted for his amendment so our chances of beating him are probably fairly good.

--On Rhodesia, the conferees accepted a compromise providing that sanctions will not be lifted unless you determine that (a) an all-parties conference has been held under international auspices on all relevant issues and (b) a government has been installed after free, internationally monitored elections in which all political and population groups have been allowed to participate. This language preserves the best of Case-Javits but uses language acceptable to the House.

--State believes the intense action in both Houses on Rhodesia over the last three weeks has produced an important windfall benefit. Although we would have preferred no congressional action at all and know that a unilateral lifting of sanctions could produce trouble for us in the UN and elsewhere, we now have a Congressional endorsement of our basic policy. Before Helms raised the issue we were unable to get the attention of the vast majority of Congressmen, who were becoming increasingly vulnerable to the conservative lobby. We are going to face some very difficult decisions on Rhodesia over the next six months, and now will do so with a somewhat educated constituency on the Hill and a congressional mandate behind us.

2. FY 79 FOREIGN AID APPROPRIATIONS BILL

--The House will resume action on the bill at noon on Monday -- a major problem considering the typically high absentee level on Mondays.

--We are concentrating our efforts on the Long amendment which would cut over \$500 million from the IFI's. The vote count is very close. We have to decide on Monday whether to attempt to beat Long with an up or down vote, or to substitute a cut of approximately \$50 million ourselves. Obey and Wilson believe we should play it safe and substitute; Conte and McHugh want to go up or down. We will wait for a final vote count on Monday to decide, unless you feel very strongly one way or the other.

--Although we beat the Young indirect aid amendment last week in an upset, it is likely he will try again at the end of consideration of the Bill. The Parliamentarian will rule that such an amendment is in order. We do not know if it will be possible to win again, given the narrow margin last week (203-198).

--We also expect a major fight over a Mathis commodities amendment prohibiting IFI loans which would aid in the production of products competitive with U. S. markets. We expect to lose this and to alter it to our liking.

--If we do beat Long, and if we beat Young a second time, and if we hold an across-the-board cut to 2%, we will then emerge with a solid Foreign Aid Appropriations Bill to take to the Senate. Something few expected just weeks ago.

3. FY 79 FOREIGN AID AUTHORIZATION

--The Conferees met on August 8, reached agreement on some important matters and numerous minor ones, although most of the major issues were passed over until the Conference reconvenes on August 14. Among the important matters resolved were:

--The House receded to the Senate amendment providing debt relief for the relatively least developed countries.

--On a House amendment prohibiting "directly or indirectly" aid or trade with Vietnam, Cambodia, Uganda, or Cuba the House receded to the Senate version without the direct or indirect language. U. S. participation in international organizations will not be impaired.

--A senate anti-terrorism amendment was dropped.

--A House amendment was accepted repealing Section 115

which prohibited the use of both development and security supporting assistance funds in the same country.

--Issues passed over until the 14th were Title VI of the House bill dealing with new IDCA, the Obey amendment calling for a unified personnel system in A.I.D., whether to include the Economic Support Fund with development or security assistance, and authorization dollar levels. Staff reports indicate that Zablocki plans to hold firm on Title VI and in return will offer to recede to the Senate and place the Economic Support Fund in the Security Assistance bill. Church has asked that the Obey personnel amendment be considered as part of the larger issue involving Title VI.

#### 4. ZAIRE AIRLIFT AND WAR POWERS

--The House Subcommittee on International Security and Scientific Affairs held hearings Thursday on the applicability of the War Powers Resolution to the Zaire airlift. Herb Hansell testified.

--Paul Findley and James Johnson argued that the Resolution applied; Clem Zablocki and Jack Bingham agreed with us that the Resolution did not apply, although Bingham would have preferred greater consultation. Zablocki commended the Administration's general record of consultations with Congress.

--Findley introduced a resolution calling for the President to submit a report on the Zaire airlift, but it is doubtful that it will be adopted or that any further action will be taken.

#### MISCELLANEOUS

--Senator Stone was disturbed with not being invited to the Middle East briefing on Tuesday.

--For possibly the first time in 18 months, we have seen Senators, Hollings and Hodges, take up an Administration-backed cause, the opposition to the broad tuition tax credit bill, and work diligently, calling on us only to "lock up" their converts and to work on some potential converts whose support they were unable to secure. It is a great and unusual feeling not to have to "go it" alone.

--Don Edwards and Liz Holtzman are very appreciative of the help you have given on the ERA "undecideds". Supporters were happy with Friday's meeting.

--Secretary Vance will meet Monday with the SFRC in closed session to follow up his pre-trip briefing on the Middle East peace negotiations. All Senators who have been heard from have publicly welcomed the Camp David summit, but concerns about the possibility of a U.S. "plan" are bound to surface. State has been asked to provide a similar briefing for the Hamilton Subcommittee of the HIRC. The downside to the euphoria surrounding the Summit announcement is that expectations are running too high.

--Chairman Murphy filed the Conference Report on OCS Thursday, August 10; he expects floor action next Tuesday or Wednesday. No problems are expected.

--Congressman John LaFalce was very complimentary of the White House in giving him notice on FDAA/Lowe Canal.

--The New York City trip helped with that delegation; everyone was pleased with the event and the treatment they received.

--Some Members are urging that we blast Congress for the tax bill passed by the House last week. Liberals who supported our position are especially demoralized. One said, "This place (the House) has turned right and it ain't gonna turn back." Another lamented that, "You just witnessed the future message of the Democratic Party: Save the rich and screw the poor! We might as well be one party -- Republican!"

--Your North Carolina trip was successful in sealing the friendship of Robert Morgan who was ecstatic because he got to introduce you and you were so well received.

--Strom Thurmond is upset because you are campaigning for Pug Revenal on the 15th. He maintains, however, that he will continue to support us when he "believes we are right". If his voting record is any indication, apparently he has thought we were right 22.9% of the time in the past; he ranks 90th in the Senate.

*That's about what I knew it*  
--A State Senator told Congressman Derrick one week ago about the President's South Carolina trip. Derrick was amazed that he was not informed until Friday by the White House.

*good*  
--At least one Republican is upset about the preferential treatment we have been giving Democrats concerning grant announcements. We received a letter to that effect from Harsha (R.-Ohio).

FLOOR ACTIVITIES, WEEK OF AUGUST 14

House

Monday

- H. R. 12931, Foreign Assistance Appropriations  
for Fiscal Year, 1979  
(Complete consideration)
- H. R. 638      Extend Deadline for ERA Ratification  
(Open Rule, two hours- Rule and General  
Debate only)

Tuesday

- H. J. Res. 638, Extend Deadline for ERA Ratification  
(Complete Consideration)
- H. Con. Res. 683, Second Budget Resolution

Wednesday & Thursday

- H. Con. Res. 683, Second Budget Resoution  
(Complete Consideration)

Conference Reports:

- H. R. 13467, Supplemental Appropriations for FY 1978
- H. R. 12935, Legislative Branch Appropriations for FY 1979
- H. R. 12240, Intelligence & Related Programs Authorization  
for FY 1979
- H. R. 11280, Civil Service Reform Act  
(Complete Consideration)
- S. J. Res. 4, Hawaiian Native Claims Study Commission  
(Open Rule, One hour)
- H. R. 11711, Adjustment Assistance Program Improvements  
(Modified Open Rule, One hour)
- H. R. 11622    Fuels Transportation Safety Amendments  
(Subject to a Rule being granted)

Senate

Monday

Goldwater Amendments to the Tuition Tax Credit Bill  
( Roll call vote expected at 6 p.m.)

Other amendments to the Tuition Tax credit bill may  
be considered

~~CONFIDENTIAL~~

4914

CONFIDENTIAL GDS

THE WHITE HOUSE

WASHINGTON

INFORMATION

August 11, 1978

MEMORANDUM FOR: THE PRESIDENT  
FROM: HENRY OWEN *vo*  
SUBJECT: Wheat Set-Aside

1. I am impressed by the detail and thoughtfulness of Bob Bergland's memo. Nonetheless, I have serious concerns about his proposal for a wheat set-aside, largely from the standpoint of our Summit commitment to make "reducing inflation . . . the top priority of US economic policy":

a. A set-aside would have some inflationary impact. By definition, wheat prices will be higher with a set-aside than without one.

b. A set-aside would be read by economic decision-makers, at home and abroad, as a signal that we do not, in this case at least, give fighting inflation top priority. This perception would be one of many factors affecting foreign exchange markets. And labor leaders might find it hard to persuade their constituents to accept a tougher wage-price policy, if farmers were not also being asked to make evident sacrifices.

c. A wheat-aside may be seen as setting the stage for a later feed-grain set-aside, which would have even more serious effects on inflation because of the role that feed-grains play in meat production. Although Agriculture says that there is no connection between what you decide now about a wheat set-aside and later about a feed-grain set-aside, interested observers will remember that there turned out to be just such a connection last year, despite similar protestations: The wheat set-aside led to substitution and thus to increased feed-grain production, which made it hard to avoid a feed-grain set-aside.

2. The Agriculture counter-arguments are impressive, but subject to some question:

a. The fact that wheat prices would not increase under a set-aside is small consolation. They have increased greatly; even if they now decline because of no set-aside, the two-year average of their increase will be more than the overall rate of inflation in that period.

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DECLASSIFIED  
Per: Rac Project  
ESDN: MLC-126-14-2-1-3  
BY: KS NARA DATE 6/10/13

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b. The inflationary impact of a set-aside would be slight, but that is true of the vast majority of inflationary actions. Rising prices are the result of a myriad of these small impacts. If we're not going to try to avoid them, we'll not have an effective anti-inflation program.

c. The fact that the farmers want at least a 20% set-aside is to be expected. My relatives have a dairy farm in Wisconsin, and they want as high prices as they can get -- just as labor leaders want as high wages as they can get. As you said in your April speech to the ASNE, inflation "persists because all of us, business, labor, farmers, consumers, are caught on a treadmill which none can stop alone. Each tries to raise its income to keep up with present and anticipated rising costs; and eventually we all lose the inflationary battle together." There's no way to win that battle without giving each of these groups less than they want.

d. Not agreeing to a set-aside would be politically costly, but, as you pointed out in your Texas speeches, so is every effective action to fight inflation. There is no politically painless way to win that fight. The only consolation is that the political costs of losing this fight are greater still.

e. The Congress would increase the target price, if we did not provide for a set-aside, and you would have to veto resulting legislation. As you suggested at the Cabinet meeting the other day, a tight fiscal and effective anti-inflationary policy will sometimes require vetoes.

3. There is another consideration: You will soon be setting up a Hunger Commission. This action may ring hollow to some observers if we are cutting back on production at the same time. It was just such a cutting back that helped to pave the way for the great food crisis of 1973-74, and this will be remembered. Crop prospects now look good, but weather is unpredictable.

4. For all these reasons, I advocate no wheat set-aside.

5. I realize that it's easy for me to give this kind of advice, insulated as I am from the political heat that its acceptance would generate. If political pressures cannot be contained, I would recommend at least:

-- not going higher than a 10% wheat set-aside, since anything above this would have a very damaging effect on perceptions of our seriousness in fighting inflation;

-- making clear that you do not expect or intend this action to be followed, as it was last year by a feed-grain set-aside.

CONFIDENTIAL GDS~~CONFIDENTIAL~~



August 11, 1978

~~CONFIDENTIAL~~

TO: President Carter  
THROUGH: Rick Hutcheson  
FROM: Ambassador Young  
SUBJECT: U.S. Mission Activities, August 4 - August 11

#### NAMIBIA

USUN has been actively involved in logistical arrangements for the transportation of the UN Survey Team to Namibia and in informal consultations with the UN Special Representative, Martti Ahtisaari, regarding UN planning for the implementation of the Five's proposal. The Contact Group has met formally with Ahtisaari and his staff to discuss aspects of UN planning. The Survey Team left Saturday, August 5, for a two to three week fact-finding visit to Namibia in preparation for drafting the Secretary General's report on the implementation of the proposal.

USUN's efforts on Namibia during the past week focused on arranging for the U.S. supplied airlift of the UN survey mission to Namibia. The return plans of the mission are not yet certain, but we expect its return between August 19 and August 26.

#### ECOSOC

The 1978 Summer Session of ECOSOC ended on Friday, August 4. Meeting on the Code of Conduct for Transnational Corporations has been postponed from August 7 to an undetermined date at this time.

#### AMBASSADOR YOUNG'S OTHER MEETINGS

Ambassador Wadda (The Gambian Perm. Rep. to FAO), 8/4;  
Landon Butler, Hamilton Jordan, Stu Eizenstat, 8/7;  
H. K. Allen, Vice Chairman of Exim Bank, 8/9; Jesse Hill, 8/9; Ambassador Kaiser (Bangladesh), 8/10; Ambassador Anderson (Australia), 8/10; John N'Komo (ZAPU), 8/10.

~~CONFIDENTIAL~~

Electrostatic Copy Made  
for Preservation Purposes

DECLASSIFIED  
Per: Rac Project  
ESDN: NLC-126-14-2-1-3  
BY: KS NARA DATE: 6/10/13

THE WHITE HOUSE  
WASHINGTON

August 14, 1978

Stu Eizenstat  
Bob Lipshutz

The attached was returned in the President's outbox today and is forwarded to you for your information. The signed original has been given to Bob Linder for appropriate handling.

Rick Hutcheson

cc: Bob Linder

THE WHITE HOUSE

WASHINGTON

August 10, 1977

MEMORANDUM FOR THE PRESIDENT

FROM:

ROBERT LIPSHUTZ *RL*  
STU EIZENSTAT *Stu*

RE:

CAB Decisions:

- (1) Club Mediterranee S.A. (France), d/b/a Club Med, Inc. (U.S.A.) - Docket 31117
  - (2) Jugoslovenski Aerotransport - Docket 32165
  - (3) Cayman Airways Limited - Docket 30080
  - (4) Singapore Airlines Limited - Docket 31946
- 

The CAB proposes to issue air carrier permits which would:

- (1) authorize Club Mediterranee to organize charter flights between any point within the U.S. and any point outside of the U.S.; *sh*
- (2) authorize scheduled and charter flights between the U.S. and Yugoslavia by Jugoslovenski Aerotransport; *sh*
- (3) grant a 5-year permit to Cayman Airways authorizing scheduled and charter flights between the Cayman Islands (a British crown colony in the Caribbean) and four U.S. cities (Miami, Tampa, Houston and New Orleans); *sh*
- (4) authorize Singapore Airlines to operate scheduled flights between Singapore and San Francisco, with intermediate stops in Hong Kong, Guam and Honolulu until March 23, 1983. *sh*

The interested agencies have no objection to the Board's proposed orders. We recommend that you approve them.

☒ Approve

☐ Disapprove

(FOUR SIGNATURES NEEDED)

P

THE WHITE HOUSE  
WASHINGTON

7:20 pm

6:55 pm

8/12/78

Mr. President:

Do you have any interest in  
helicoptering to Andrews Sunday  
evening to meet Rosalynn? She  
is due to arrive around 8 pm.

Phil

Yes  
J

mil ✓

S.S. ✓

WHCA ✓

Dale ✓

# the christian CENTURY

AUGUST 2-9, 1978



Spirituality for Protestants

Matthew Fox, O.P.

Brass Rubbing in  
Westminster Abbey

Mary Ellen Gorham

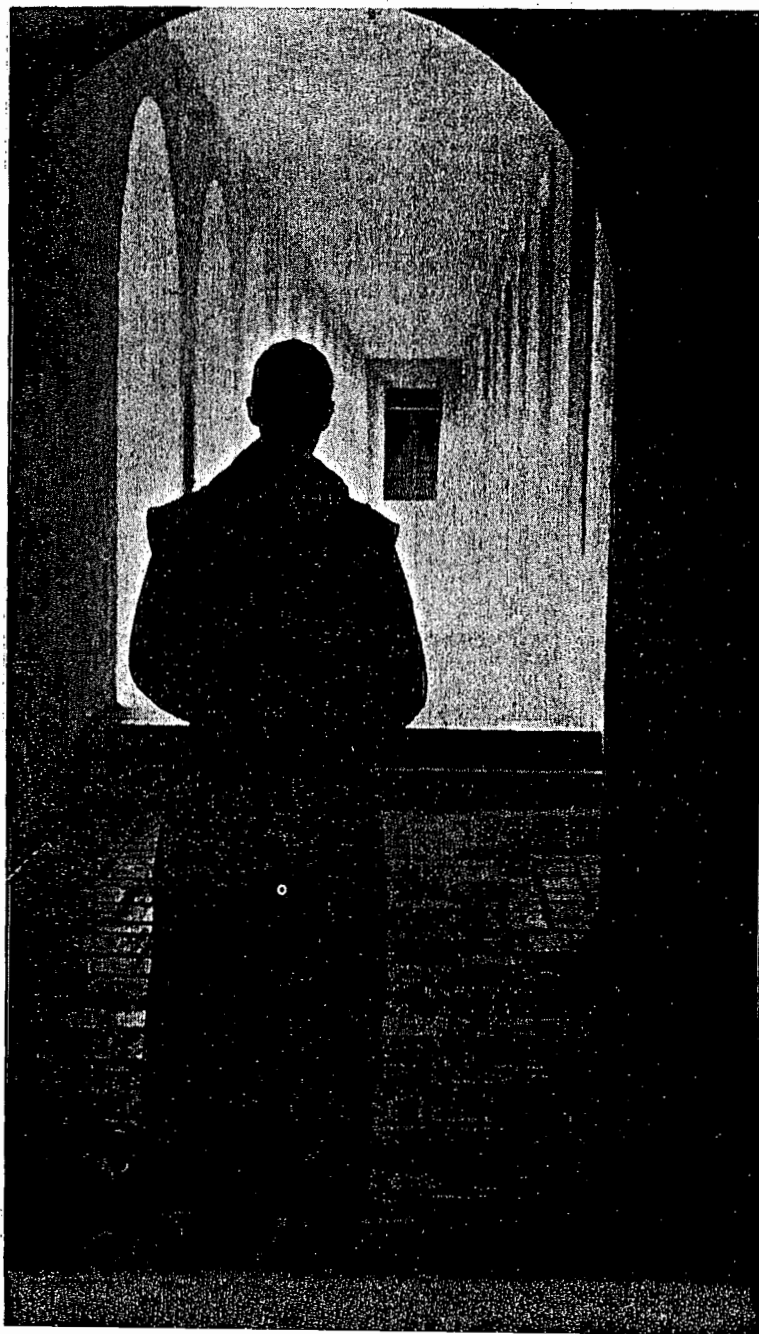
In Retrospect:  
'The Secular City'

Harvey Cox

Andrew Young in Perspective

Korea's Christian Community

Hiroshima 33 Years Later



THE WHITE HOUSE  
WASHINGTON

August 14, 1978

Stu Eizenstat

The attached was returned in  
the President's outbox. It is  
forwarded to you for your  
information.

Rick Hutcheson

DPS WEEKLY STATUS REPORT



	FOR STAFFING
	FOR INFORMATION
✓	FROM PRESIDENT'S OUTBOX
✓	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND
	NO DEADLINE
	LAST DAY FOR ACTION -

ACTION  
FYI

	ADMIN CONFID
	CONFIDENTIAL
	SECRET
	EYES ONLY

	VICE PRESIDENT
✓	EIZENSTAT
1	JORDAN
	KRAFT
	LIPSHUTZ
	MOORE
	POWELL
	WATSON
	WEXLER
	BRZEZINSKI
	MCINTYRE
	SCHULTZE

	ARAGON
	BOURNE
	BUTLER
	H. CARTER
	CLOUGH
	COSTANZA
	CRUIKSHANK
	FALLOWS
	FIRST LADY
	GAMMILL
	HARDEN
✓	HUTCHESON
	JAGODA
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	PRESS
	RAFSHOON
	SCHNEIDERS
	VOORDE
	WARREN
	WISE

	ADAMS
	ANDRUS
	BELL
	BERGLAND
	BLUMENTHAL
	BROWN
	CALIFANO
	HARRIS
	KREPS
	MARSHALL
	SCHLESINGER
	STRAUSS
	VANCE

THE WHITE HOUSE

WASHINGTON

August 11, 1978

MEMORANDUM FOR: THE PRESIDENT  
FROM: STU EIZENSTAT *Stu*  
SUBJECT: Domestic Policy Staff Weekly Status  
Report

GOVERNMENT REFORM

Civil Service: As you know, House and Senate floor consideration has been delayed. We continue to work with Scotty Campbell and Frank's staff on policy and legislative strategy. Of particular concern is how to handle the labor relations title, and Scotty has been meeting with Udall on this. We are factoring in the recent withdrawal of support by the AFGE. We have also been closely following the negotiations between Mathias and the Ribicoff-Percy staffs on Senate amendments.

Lobby Reform: A memo to you on the Senate Committee impasse shortly.

Part Time Bill: A bill to facilitate part-time Federal employment passed the House and markup is completed in the Senate Governmental Affairs Committee. We have a problem with one major provision in the bill and are working with Senate staff to resolve it.

NATURAL RESOURCES

Water Policy: Oversight hearings are being held this week in the Senate Environment and Public Works Committee.

Endangered Species: We are still working with Dingell. We have not yet endorsed any amendment. The House subcommittee marks up next week.

Alaska d(2) Lands: This week's Senate Committee markup may begin the controversial boundary and designation issues. We have now received Interior and Justice memos on "contingency plans" should the legislation not pass.

Omnibus Park Bill: We are near agreement with Burton and Abourezk on an excellent bill.



Public Works Appropriations: We are working with Anne Wexler, Frank Moore, Jerry Rafshoon, Jody and others on a strategy to build support and skillfully handle a veto if one appears necessary.

#### URBAN POLICY

We continue to work with Frank and Anne on major legislative items. Recent victory in the Senate Finance Committee (10-5) on Supplemental Fiscal Assistance was a good first step.

Executive Orders and changes in existing programs to be signed and announced by you on August 16.

#### AGRICULTURE AND RURAL DEVELOPMENT

1979 Wheat Program: A decision memorandum will come to you late this week. Depending on your decision, you might want to announce it in your speech in Columbia, Missouri next Monday, August 14.

Meat Import Legislation: Congressman Vanik's Trade Subcommittee has reported a bill that is slightly less restrictive than the Bentsen Bill. A memorandum asking for your decision on two issues will be coming to you later this week.

Hunger Commission: We are working with NSC and Jim Fallows to draft a statement announcing creation of the Commission and how its activities relate to other Administration initiatives on this topic.

#### ENERGY

Solar Domestic Policy Review: Proceeding on schedule.

CRBR: The DOE Authorization bill, which contains the CRBR provision, is likely to be withheld from the floor of both House and Senate until disposition of natural gas. Public Works Appropriations bill, which contains CRBR funding, passed both House and Senate. Senate bill, however, appears to make CRBR funds contingent on enactment of authorizing legislation.

Dole Amendment: Treasury Appropriations bill conferees will not be named until after disposition of natural gas.

Natural Gas: Working with Schlesinger and Moore to secure signature of natural gas conference report. Earliest possible time for agreement now appears to be August 16. Senate floor filibuster and final action not likely until after Labor Day.

Energy Taxes and Tax Audits: House Rule to consider solar and insulation tax credits separately from other energy tax provisions was defeated on August 7. Al Ullman vigorously opposed splitting these credits off of the whole tax package. COET, user taxes, and gas guzzler are very uncertain. Judgments as to how this should be handled cannot reliably be made now, and accordingly we are keeping options open.

#### HUMAN RESOURCES

Vietnam Veteran PRM: We are making preparations for announcement of PRM recommendations for either next week or after your vacation. We think that a personal statement by you expressing the nation's gratitude to these veterans is a key part of our PRM.

Humphrey-Hawkins: A meeting with the Full Employment Action Council, labor and civil rights leaders is scheduled for 11:45 a.m., Friday, August 18. DPS/CEA met Friday, August 11, with staff from these groups and the Senate, including Senator Byrd's office, to develop floor strategy. A detailed memo on the situation will be to you before the meeting next Friday.

CETA: The CETA bill was pulled off the House floor Wednesday night after the committee lost on a series of amendments cutting back on the number of jobs (\$1 billion cut from Title VI PSE) and severely tightening pay and supplementation rules. Bill not expected back on the House floor before September. House Subcommittee declined to cooperate with the Administration before the vote in the Senate, where action is expected late next week, or the following week. We are very hopeful that we can develop a united position.

Welfare Reform: A memo asking your guidance on the development of a revised Administration welfare proposal, and for dealing with the Moynihan-Cranston-Long proposals in the Senate ought to be to you next week.

Targetted Tax Credit: The House Ways and Means Committee included a Rangel tax credit proposal in the tax bill. The Rangel proposal would provide tax credits for 18 to 24-year-olds on food stamps, Vietnam Veterans on food stamps, WIN

registrants, those on general assistance and SSI, and the handicapped. It would require young workers who sought the tax credit to qualify for food stamps. Secretary Blumenthal will present the Administration's response to this proposal when he testifies before the Senate Finance Committee next Thursday, August 17.

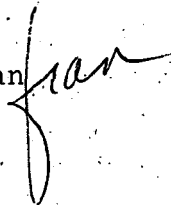
August 14, 1978

Mr. President

This is a list of those who have  
accepted our invitation for the  
reception today.

Scott Burnett is on board if you have  
any questions about any of these folks.  
Scott has been designated by Kraft  
to follow Missouri politically for us.

fran

A handwritten signature in cursive script, appearing to be 'fran', written over the printed name 'fran'.

ANDERSON, KATHLEEN (MRS. DONALD)  
ASHCROFT, JOHN (ATTORNEY GENERAL)  
ASHCROFT, JANET  
ASHFORD, JOHN  
ASHFORD, CAROLYN  
AYLWARD, RICHARD J.  
AYLWARD, ROBERT  
BABB, BILLIE  
BADGER, JAMES FLOYD  
BANKS, J. B. "JET" (STATE SENATOR)  
BANKHEAD, CAREY (L.C., JR.)  
BEATY, BETTY  
BEATY, JAMES  
BERRA, BETTY  
BERRA, PAUL  
BLUFORD, LUCILLE  
BOSCH, ROBERT  
BOYKINS, BILLIE JEAN ANTHONY  
BRATT, ALEX  
BRATT, ANNE  
BRESHEARS, KELSY  
BRIGGS, LLOYD (JUDGE)  
BRISCOE, JEAN  
BRISCOE, JOHN  
BUEHLER, MICHAEL LEE  
BURKLY, WILLIAM E.  
BUSHMAN, EUGENE

BUTLER, JACQUELINE L.  
CALLOWAY, DAVERNE  
CARPENTER, CLELL  
CARVER, THOMAS DERWOOD  
CENTOFANTI, LOU  
CENTOFANTI, MARIA  
CHAMP, JUDY  
CHAMP, NORMAN  
CHAPMAN, THOMAS M.  
CLARKSON, WILLIAM EDWARDIN  
CLOUSER, CHRIS  
CONLEY, FRANK  
CONWAY, JAMES (MAYOR OF ST. LOUIS)  
COOLING, JAMES  
COOPER, JERRY  
COX, THOMAS  
CURRAN, JO  
DANIEL, WILLIAM STANLEY  
DANNER, PATSY ANN  
DAVIS, HOWARD EUGENE ("SCAT")  
DEFIELD, DOROTHY B.  
DEFIELD, FREDERICK WILLIAM  
DELL, CHARLES  
DOAK, DAVID  
DOWNS, EDWARD L.  
EAGAN, JAMES J.  
EAGLETON, THOMAS (U.S. SENATOR)  
EBERS, HARVARD FRANCES

ENYART, IVY MAY

FAIRFAX, ALICE

FAIRFAX, EMMETT

FERGUSON, JAMES R.

FIELD, THOMAS, III

FINDLEY, ROBERT

FLOTRON, GREGORY

FRETWELL, NANCY

FRETWELL, NORMAN

FRYE, DAVID S.

GALEY, JON

GALEY, MAUREEN

GARDNER, ANNIE

GRELIKE, DONALD

GRELIKE, RITA

GARST, DICK

GILES, EDDIE

GILES, GWEN (ST. SENATOR)

GLORIOSO, BARBARA

GREENWELL, HIRAM

GREENWELL, PATRICIA

GRIFFIN, BOB

HAGAN, MARY MARGARET

HAMILTON, CLIFFORD

HAMILTON, GENE

HAMRA, SAM SR.

HAMRA, MICHAEL K.

HANSEN, JARVIS

HAILEY, SALLY

HARTIGAN, PATRICK EDWARD

HILL, KEN

HINKLE, FRED

HOLDEN, ROBERT

HOLLIDAY, HAROLD LEE, JR. (DOC)

HOLLIDAY, MARGARET LOUISE

HOLT, JOSEPH D.

HUNGATE, WILLIAM LEONARD (FORMER CONGRESSMAN)

HYLAND, ROBERT F.

JACOBS, FRANK

JETTE, JERRY

JORDAN, ORCHID I.

JORDAN, ROBERT

KEYES, THOMAS (STATE AUDITOR)

LAMB, JAMES EDWARD

LAND, FORREST F.

LAWSON, SUE

LEIWEKE, TIMOTHY J.

LINDBERG, DONALD A.

LINDBERG, MARY MUSIC

LUEPKE, HENRY F.

LUEPKE, JUDY

LURIE, BOBBIE

LURIE, HAROLD

MADESON, MARVIN



MCAULIFFE, DANIEL

MCAULIFFE, JANET

MCCOLLUM, JIM

MCHUGH, JAMES

MERICLE, THOMAS

MERREL, MARY

MERREL, NORAMN (STATE SENATOR)

MEYERS, JAMES (PRES. OF MO. STATE LABOR COUNCIL)

MILLER, RUSSELL

MILLIN, DAVID

MILLIN, RUSSELL

MORGAN, DALE

MORGETTE, TEMPLE H.

MOORE, JEAN

MOORE, RICHARD PHILLIP

MOORE, BRININE

MOORE, ROBERT

MORRISSEY, JOSEPH O.

MOSLEY, WILLA

MUELLER, ALLAN GEORGE

MYER, WALTER

NANGLE, EDWARD BRUCE

NEWMAN, DUTCH

NICHOLS, GRACE

NICHOLS, JOHN

NUTTER, JIM

OLSON, JAMES C., President, U. of Missouri

OSBOURN, DORMAN ROY

PAGNELLA, ROSSETA

PARROT, JAMES B.

PEARL, TOM

PEARL, PEGGY

PHELPS, WILLIAM C., Lt. Governor

PHELPS, JOANNE (Mrs. William C.)

PHILLIPS, HAROLD

PIRRUNG, HENRIETTE CHRISTINE

POLK, JUDY

PROCTOR, LESLIE L., Mayor, Columbia

QUICK, ED

REA, CALVIN

REA, DOROTHY

REA, GEORGE

REDMOND, THOMAS W.

REESMAN, GEORGE D.

REEVER, JAMES E.

REEVES, JAMES

RICHARDSON, WILLIAM RAY

ROBB, NORMA LILLIAN

ROBERT, NORMAN A., Jr.

ROBERTS, MICHAEL

ROBERTS, JEAN

RODDY, JOSEPH

RODDY, LUCILLE  
RODDY, MARY  
ROST, THOMAS H.

ROTHMAN, KENNETH, Speaker, Missouri House

ROTHMAN, GERI (Mrs. Kenneth)

RUNYAN, JACK C.

RYAN, MICHAEL

SAETTELE, GUSTAVE J.

SCHEER, RANDY

SCHIEBER, CARL R.

SCHNEIDER, JOHN

SHAFFER, JIM

SHAFFER, KAREN

SHAFFER, DELBERT

SHAFFREY, INA T.

SHARP, STEVE RHODES

SHAW, VINCE

SIMON, PAUL J.

SIMPKINS, JOSEPH A.

SKELTON, JAMES

SKELTON, JOHN

SKINNER, LEARY G.

SMALLWOOD, PAT

SMITH, GARY L.

SNOWDEN, JEAN ELLEN

SNOWDEN, PHILLIP H.

SOUTHERN, RICHARD

SPAIN, JAMES

SPAINHOWER, JAMES, Treasurer of State  
SPAINHOWER, JOANNE (Mrs. James)  
STEINER, WELDON H. ("Pete")  
STITH, ANN CARTER  
SUSMAN, LOUIS B.  
SUSMAN, MARGE (Mrs. Louis)  
SWANSON, HAZEL  
TEASDALE, JOE, Governor  
TEASDALE, THERESA (Mrs. Joe)  
THOMAS, DAVE  
TICHENOR, WARREN B.  
UEHLING, DR. BARBARA, Chancellor, U. of Missouri  
VANDIVER, ROBERT G.  
VANLANDINGHAM, A.R. ("Basey")  
VAN MATRE, EVERETT  
WALKER, EVELYN D.  
WATERMAN, DON E.  
WATKINS, BRUCE  
WEATHERS, FREDERICK  
WEATHERS, DORIS (Mrs. Frederick)  
WELLIVER, WARREN, State Senator  
WHALEY, DONALD  
WHALEY, HELEN (Mrs. Donald)  
WHITE, MICHAEL THOMAS, Jackson County Executive  
WOOD, L.K.  
WOODS, HARRIET F., State Senator  
WOODS, LARRY  
WORLEY, KEN

WRIGHT, SCOTT

WYATT, JERRY LEWIS

YATES, CARL EUGENE

YOUNG, PAULINE

ZIMMERMAN, MELVIN J.

SEN TALMADGE

CONG ICHORD  
BURLISON - App. AG  
SKELTON - AG  
GERHARDT  
COLEMAN  
TAYLOR  
(BOLLING → RULES)

PRESIDENT JIMMY CARTER  
MIDCONTINENT FARMER'S ASSOCIATION  
COLUMBIA, MISSOURI  
MONDAY, AUGUST 14, 1978, 11:00 A.M.

Approp Sub Com AG  
DIST SERVICE Award

THANK YOU VERY MUCH. SECRETARY BERGLAND....  
SENATOR EAGLETON... SENATOR DANFORTH... MEMBERS OF THE  
MISSOURI CONGRESSIONAL DELEGATION... GOVERNOR TEASDALE...  
PRES. FRED "HINKEL" (Heinkel)... DELEGATES TO THIS ANNUAL  
MEETING;

MIDCONTINENT  
FARMERS ASSO

AG & INFL = "IN FIELD, I'LL GET IT" HST

I FEEL AT HOME WITH YOU TODAY. BOTH YOUR STATE AND  
MINE PRODUCED PRESIDENTS WHO WERE RAISED ON THE FARM.

<sup>PRESIDENTS</sup>  
WE HAVE ANOTHER SIMILARITY TOO.

GROWING - BUREAUCRACY  
NEW SENATE OFF BLDG

WE BOTH HAVE KEPT THE SAME SIGN IN THE OVAL OFFICE --  
THE FAMOUS SIGN THAT READS, "THE BUCK STOPS HERE."

IT IS A CONSTANT REMINDER OF THE RESPONSIBILITIES  
OF THE PRESIDENT OF THE UNITED STATES.

ALTHOUGH PRESIDENT TRUMAN FOLLOWED A CAREER THAT  
TOOK HIM AWAY FROM FARMING, HIS ATTACHMENT REMAINED STRONG  
TO THE LAND AND TO THE PEOPLE WHO WORK IT.

SO HAS MINE.

(WHEN I TOOK OFFICE ABOUT.....)

WHEN I TOOK OFFICE ABOUT A YEAR-AND-A-HALF AGO,  
THE FARM ECONOMY WAS IN BAD SHAPE AND APPARENTLY HEADED  
FOR A SERIOUS DEPRESSION.

IT WAS ONE OF THE GREATEST PROBLEMS WE HAD TO FACE.

THE AMERICAN FARMER HAS A RIGHT TO EXPECT TWO THINGS  
THAT HE WAS NOT GETTING THEN: A SECURE INCOME AND ACCESS  
TO ADEQUATE CREDIT AT REASONABLE INTEREST RATES.

AND ALL AMERICANS ON OR OFF THE FARM HAVE A RIGHT  
TO EXPECT ONE BIG THING THAT NOBODY IS GETTING: A DOLLAR  
THAT WILL STILL BE WORTH AS MUCH TOMORROW AS IT IS TODAY.

NOT LONG AGO SOME OF YOUR NEIGHBORS -- MAYBE EVEN  
SOME OF YOU HERE TODAY -- CAME TO VISIT US IN WASHINGTON,  
ON TRACTORS.

SOME OF YOU MAY EVEN HAVE VISITED BOB BERGLAND'S  
OFFICE, ALTHOUGH I UNDERSTAND HE WAS OUT AT THE TIME.  
(THROUGH THE WINDOW)

WE COULD UNDERSTAND CLEARLY THE PURPOSE OF YOUR  
VISIT, BUT THINGS HAVE CHANGED FOR THE BETTER SINCE THEN.  
THE NEW PROGRAMS ARE BEGINNING TO TAKE EFFECT.

BEEF PRICES SHOULD BE STRONG AND RELATIVELY  
STABLE FOR THE LAST HALF OF THIS YEAR,...AND  
GLENN GRIMES OF THE UNIVERSITY OF MISSOURI HAS SAID  
THAT THE GENERAL PRICE OF CATTLE WILL BE VERY STRONG  
FOR THE NEXT THREE TO FOUR YEARS.

STABLE PRICES, SUSTAINED HERD SIZE, AND  
ADEQUATE DOMESTIC MEAT PRODUCTION IS IMPORTANT FOR  
FARMERS AND FOR CONSUMERS.

OUR DECISIONS HAVE BEEN SOUND AND WELL-CONSIDERED.

I WILL NOT PERMIT ANY MORE EXPANSION IN BEEF  
IMPORTS THIS YEAR,...I WILL NOT PERMIT UNRESTRICTED  
<sup>IMPORTS</sup>  
BEEF <sup>^</sup> NEXT YEAR,...AND I AM STRONGLY AND PERMANENTLY  
OPPOSED TO ANY PRICE CONTROLS ON MEAT.



NET FARM INCOME IN 1978 WILL BE UP ABOUT 25 PERCENT  
OVER LAST YEAR -- AN INCREASE OF MORE THAN \$5 BILLION.

LAST YEAR, IN SPITE OF LOW UNIT PRICES, WE SET A  
RECORD FOR AMERICAN FARM EXPORTS -- \$24 BILLION -- AND  
AMERICAN FARMERS WILL EXPORT MORE THIS YEAR THAN EVER BEFORE  
IN OUR HISTORY.

THE TIME FOR UNCERTAINTY AND FOR UNPREDICTABLE  
EMBARGOES ON FARM PRODUCTS IS OVER!

*OFFICES*  
We ARE OPENING NEW TRADE ~~CENTERS~~ IN  
KEY FOREIGN TRADE CENTERS TO PROMOTE FARM  
EXPORTS.

NO OTHER SECTOR OF OUR NATIONAL ECONOMY DOES SO MUCH  
AS THE AMERICAN FARMER TO REDUCE THE BALANCE OF PAYMENTS  
DEFICIT THAT ERODES OUR DOLLAR AND FUELS INFLATION.

AND WE'RE DOING EVERYTHING WE CAN -- IN TRADE  
NEGOTIATIONS, EXTENDING CREDIT, AND TRADE PROMOTION --  
TO STRENGTHEN AGRICULTURAL EXPORTS EVEN MORE.

AMERICA'S AGRICULTURAL PRODUCTIVITY AND THE FAMILY  
FARM STRUCTURE ARE AMONG THE GREATEST ACCOMPLISHMENTS OF  
WESTERN CIVILIZATION.

(BUT OUR AGRICULTURE WILL REMAIN....)

WE KNOW THAT A SUCCESSFUL MULTI-  
LATERAL TRADE NEGOTIATION AGREEMENT  
MUST INCLUDE IMPROVED ACCESS FOR AMERICAN  
AGRICULTURAL PRODUCTS TO FOREIGN MARKETS.

BUT OUR AGRICULTURE WILL REMAIN THE WONDER OF THE  
WORLD ONLY SO LONG AS WE REMEMBER A BASIC FACT --

THE PERSON MOST COMPETENT TO MAKE A FARMER'S  
DECISIONS IS NOT A BUREAUCRAT IN WASHINGTON OR ANYWHERE  
ELSE; ....IT IS THE MAN OR WOMAN ON THE FARM. *THAT IS WHY*  
*I WILL ALWAYS PROTECT THE CAPPER-VOLSTEAD*  
*ACT OF 1922.*

I WANT TO GO AS FAR AS I POSSIBLY CAN TO GET THE  
GOVERNMENT OUT OF THE FARM BUSINESS.

THAT'S WHY THE FIRST MONTHS AFTER I TOOK OFFICE,  
I SPENT MORE HOURS WORKING ON THE 1977 FOOD AND AGRICULTURE  
ACT, I BELIEVE, THAN ON ANY OTHER SINGLE MATTER.

THE EFFECTS OF THAT BILL ARE NOW BEING FELT --  
IN RECORD NET FARM INCOME ALL ACROSS THE COUNTRY.

THIS BILL WILL MEAN FAIR RETURNS FOR FARMERS, ...  
REASONABLE PRICES FOR CONSUMERS, ...AND A STABLE FARM ECONOMY  
THROUGH THE NEXT FOUR YEARS.

THE FARMER-OWNED GRAIN RESERVE GIVES <sup>you</sup> FARMERS A  
CHANCE FOR BETTER PROFITS THROUGH A STRONG VOICE IN  
AGRICULTURAL MARKETS.

*ALREADY*  
*WE HAVE HELPED FARMERS TO*  
*BUILD SEVEN TIMES MORE FARM*  
*STORAGE THAN THEY DID IN 1976.*

WE ARE STILL WORKING ON LEGISLATION THAT WILL GIVE  
FARMERS THE FINANCIAL RESOURCES TO PRODUCE EFFICIENTLY  
AND TO GET THE FAIR AND STABLE INCOME YOU DESERVE.

JUST LAST WEEK I SIGNED THE AGRICULTURAL CREDIT  
ASSISTANCE ACT OF 1978 -- THE MOST SUBSTANTIAL REFORM OF  
OUR FARM CREDIT PROGRAM IN FORTY YEARS.

YOU'LL SEE THE BENEFICIAL EFFECTS THE NEXT TIME YOU  
NEED A <sup>LOAN</sup> LONG, AND THE AMERICAN TAXPAYER IS PROTECTED BY  
ELIMINATING UNNECESSARY INTEREST SUBSIDIES.

THESE ARE GOOD IDEAS,  
~~THEY ARE GOOD BILLS,~~ AND THEY ARE ALREADY STARTING  
TO DO THE JOB THEY WERE SUPPOSED TO DO.

I WAS ABLE TO SEE AT FIRST HAND HOW CONGRESS WAS  
CAPABLE OF PUTTING NATIONAL INTEREST ABOVE THE SPECIAL  
INTERESTS IN FINDING SOLUTIONS TO LONG-NEGLECTED PROBLEMS.

BUT ANOTHER LONG-NEGLECTED PROBLEM IS PROVING MUCH  
MORE <sup>x</sup> DIFFICULT TO SOLVE.

INFLATION IS THE BIGGEST THREAT WE FACE, AND WE  
MUST ALL WORK TOGETHER TO CONTROL IT.

(INFLATION ROBS ALL AMERICANS...)

SEC BERGLAND AND I ARE WORKING WITH  
CONGRESS TO CONSOLIDATE THE SEVERAL  
FARM DISASTER PROTECTION PROGRAMS INTO  
ONE EFFECTIVE & EFFICIENT PROGRAM.

INFLATION ROBS ALL AMERICANS OF THE DOLLARS YOU  
WORK SO HARD TO EARN.

I WANT TO GIVE YOU SOME STRAIGHT TALK AS HARRY  
TRUMAN WOULD HAVE -- ABOUT WHY WE HAVE INFLATION, ....AND  
WHAT THE AMERICAN PEOPLE, THE ADMINISTRATION AND MOST OF  
ALL THE U.S. CONGRESS MUST DO TO FIGHT IT.

AS LONG AS MOST AMERICANS EXPECT INFLATION TO  
CONTINUE, IT WILL.

THAT KIND OF THINKING WILL NEVER END UNLESS  
LABOR, MANAGEMENT, AND, AND THE GOVERNMENT JOIN TOGETHER  
TO ACT RESPONSIBLY AND WITH RESTRAINT.

I WILL CONTINUE TO MAKE THE FEDERAL GOVERNMENT  
DO ITS PART.

FOR ONE THING, WE ARE ROOTING OUT WASTE IN  
GOVERNMENT AND I PLEDGE THAT WE WILL CONTINUE.

TO DO SO WE ARE GETTING CONTROL OVER GOVERNMENT  
PROGRAMS THAT HAVE MUSHROOMED OVER THE LAST 40 YEARS.

NO ONE BEFORE HAD EVER REALLY TRIED TO FIGURE OUT  
WHICH OF THESE WERE WORKING AND WHICH WEREN'T.

NOW EVERY ONE OF MY DEPARTMENT HEADS HAS BEGUN TO  
USE ZERO-BASED BUDGETING -- A SYSTEM IN WHICH NO PROGRAM  
IS TAKEN FOR GRANTED, NO MATTER HOW LONG IT HAS BEEN IN  
EXISTENCE.

EACH PROGRAM MUST PROVE ITS WORTH FROM THE GROUND UP,  
EVERY YEAR.

THE BENEFITS OF THIS NEW SYSTEM ARE BEGINNING TO BE  
FELT.

I HAVE ALSO ORDERED THEM TO CUT PAPERWORK AND  
RED TAPE -- BURDENS THAT WEIGH ON ALL AMERICANS.

AS A RESULT, LAST YEAR WE CUT GOVERNMENT-IMPOSED  
PAPERWORK BY MORE THAN 10 PERCENT.

AND WE'RE GOING TO MATCH THAT FIGURE AGAIN THIS  
YEAR.

ONE GOOD EXAMPLE THAT YOU AND I KNOW VERY WELL AS  
FARMERS IS THE 22-PAGE BOOKLET WHICH WE HAVE HAD TO  
COMPLETE EVERY FEW YEARS FOR THE AGRICULTURE CENSUS.

WE'VE NOW CHOPPED IT TO FOUR PAGES AND IT WILL STILL  
GIVE THE COMMERCE DEPARTMENT ALL THE CENSUS DATA THEY NEED.

HOW FAMILY (I RECENTLY ORDERED EVERY....)  
BROKEN DOWN BY SEX? NOT YET,  
BUT UNCLE E DRINKING PROBLEM

I RECENTLY ORDERED EVERY CABINET SECRETARY TO  
DISCARD REGULATIONS THAT ARE NO LONGER NECESSARY.

ONE RESULT IS THAT THE OCCUPATIONAL SAFETY AND  
HEALTH ADMINISTRATION <sup>HAS PROPOSED</sup> ~~IS~~ ELIMINATING MORE THAN 1,000  
BURDENSOME AND UNNEEDED REGULATIONS.

THE MOST IMPORTANT CONTRIBUTION WHICH THE CONGRESS  
CAN MAKE TO STREAMLINE THE BUREAUCRACY IS TO PASS MY  
CIVIL SERVICE REFORM PROGRAM.

WE NEED A CIVIL SERVICE SYSTEM THAT REWARDS THE  
COMPETENT AND DEDICATED EMPLOYEE,...DISCIPLINES THOSE WHO  
WILL NOT WORK,...AND LETS MANAGERS MANAGE THE FEDERAL  
BUREAUCRACY.

MY CIVIL SERVICE REFORMS WILL DO EXACTLY THIS --  
WHILE PROTECTING MORE THOROUGHLY THE LEGITIMATE RIGHTS OF  
GOVERNMENT WORKERS.

THESE ARE THE TOOLS I NEED TO CONTROL THE  
BUREAUCRACY AND MAKE GOVERNMENT WORK.

PLEASE URGE YOUR REPRESENTATIVES IN WASHINGTON TO  
PASS CIVIL SERVICE REFORM.

THE CONGRESS HEARS FROM THE SPECIAL INTEREST LOBBIES.  
THEY NEED TO HEAR FROM YOU.

WE MUST ALSO CUT THE FEDERAL BUDGET DEFICIT, AND  
THAT IS EXACTLY WHAT WE ARE DOING.

IN FY 1976, THE YEAR I RAN FOR PRESIDENT, THE  
FEDERAL DEFICIT WAS \$66.4 BILLION.

IN FY 1978 WE CUT IT TO \$51.1 BILLION.

NEXT YEAR, FY 1979, THE FEDERAL DEFICIT WILL BE  
IN THE 40'S OF BILLIONS, AND MY GOAL FOR THE FY 1980  
BUDGET IS TO BRING THE DEFICIT DOWN TO THE 30'S OF BILLIONS  
OF DOLLARS.

WE ARE MAKING PROGRESS.

I WILL ACHIEVE PART OF THIS BY LIMITING THE PAY  
INCREASE OF FEDERAL WORKERS TO 5.5 PERCENT, AND BY FREEZING  
EXECUTIVE SALARIES.

BUT THEY SHOULDN'T HAVE TO SACRIFICE ALL ALONE.

LABOR AND INDUSTRY MUST COOPERATE IN A STRONG AND  
EFFECTIVE EFFORT TO SLOW THE SPIRAL OF INFLATION.

I HAVE ASKED THEM TO HOLD DOWN WAGE AND PRICE  
INCREASES BELOW THE AVERAGE INCREASE OF THE LAST TWO YEARS.

(CONGRESS MUST HELP TO CONTROL...)

CONGRESS MUST HELP TO CONTROL INFLATION WITH  
EVERY VOTE AND WITH EVERY DECISION.

UNNECESSARY SPENDING MUST BE STOPPED.

PUBLIC WORKS LEGISLATION NOW BEING CONSIDERED  
WOULD SPEND HUNDREDS OF MILLIONS OF DOLLARS MORE THAN IT  
SHOULD ON EXPENSIVE PORK BARREL PROJECTS WE DO NOT NEED,  
AND WILL GIVE US THOUSANDS OF EXTRA FEDERAL BUREAUCRATS.

THE FIGHT AGAINST INFLATION BECOMES NEARLY  
IMPOSSIBLE WHEN THE PRESSURES OF SPECIAL ECONOMIC  
INTEREST LOBBIES ARE SUCCESSFUL.

THESE LOBBIES CARE ABSOLUTELY NOTHING ABOUT THE  
NATIONAL INTEREST -- AS LONG AS THEY GET THEIRS.

WE WILL NEVER WIN THE FIGHT AGAINST INFLATION  
UNLESS WE HELP THE CONGRESS RESIST THOSE PRESSURES.

THE HOSPITAL COST CONTAINMENT BILL IS A PERFECT  
EXAMPLE.

INTENSE LOBBYING BY THE MEDICAL AND HOSPITAL  
INDUSTRY DEFEATED MY HOSPITAL COST CONTAINMENT LEGISLATION  
IN THE HOUSE COMMERCE COMMITTEE -- ALTHOUGH THE VAST  
MAJORITY OF AMERICANS -- INCLUDING MEMBERS OF CONGRESS --

(ARE APPALLED AT....)



ARE APPALLED AT THE ASTRONOMICAL RISE OF HOSPITAL COSTS  
IN RECENT YEARS -- COSTS WHICH ARE RISING AT MORE THAN  
TWICE THE INFLATION RATE.

THE BILL WOULD SAVE THE FEDERAL TREASURY <sup>\$19</sup> ~~\$~~ BILLION  
OVER THE NEXT FIVE YEARS -- AND WOULD SAVE THE AMERICAN  
PEOPLE \$56 BILLION.

THAT'S ABOUT \$800 FOR EVERY FAMILY IN THIS COUNTRY --  
\$800 YOUR FAMILY WILL HAVE TO SPEND BECAUSE THE SPECIAL  
INTERESTS SO FAR HAVE WON THAT FIGHT.

THE UNITED STATES SENATE WILL SOON BE TAKING UP  
THIS COST CONTAINMENT LEGISLATION.

IF CONGRESS REALLY WANTS TO DEMONSTRATE ITS CONCERN  
ABOUT INFLATION, IT WILL PASS HOSPITAL COST CONTAINMENT  
LEGISLATION THIS YEAR.

AND IF YOU REALLY CARE, YOU WILL LET CONGRESS KNOW  
THAT YOU DO.

(ANOTHER GOOD EXAMPLE OF.....)

ANOTHER GOOD EXAMPLE OF IMPORTANT ANTI-INFLATION  
LEGISLATION IS AIRLINE DEREGULATION.

ONE PRICE THAT HAS GONE DOWN IN THE LAST YEAR IS  
THE PRICE OF AN AIRLINE TICKET ON OVERSEAS FLIGHTS.

THAT PRICE HAS GONE DOWN BECAUSE OF POLICIES SET  
BY MY APPOINTEES ON THE CIVIL AERONAUTICS BOARD.

WE NEED TO GET THESE POLICIES INTO LAW SO THAT  
DOMESTIC AIRLINE FARES CAN ALSO BE REDUCED BY COMPETITION  
IN OUR FREE ENTERPRISE SYSTEM.

THE AIRLINE DEREGULATION BILL IS AN IMPORTANT WAY  
TO GET PRICES UNDER CONTROL.

ALL OF THESE ISSUES ARE IMPORTANT, BUT THE  
EFFECTIVENESS OF THE 1978 CONGRESS WILL BE MEASURED BY  
ITS ACTIONS ON THE MOST CRUCIAL PROBLEM -- ENERGY.

THERE IS A HUGE AND UNCHECKED HEMORRHAGE OF AMERICAN  
DOLLARS CAUSED BY OUR OIL IMPORTS.

MORE THAN HALF OUR OIL NOW COMES FROM ABROAD.

IMPORTS ARE UP 800 PERCENT IN THE LAST SIX YEARS --  
FROM \$4.7 BILLION IN 1972 TO AN INCREDIBLE \$42 BILLION  
TODAY.

THIS HURTS OUR DOLLAR, COSTS AMERICANS JOBS, ROBS  
US WITH UNNECESSARY INFLATION, AND LEAVES OUR ECONOMY  
AND EVEN OUR SECURITY AT THE MERCY OF A FOREIGN CARTEL.

AFTER MORE THAN 15 MONTHS OF DISCUSSION, DEBATE,  
AND DELAY, IT IS TIME FOR CONGRESS TO PASS A NATIONAL  
ENERGY PLAN.

IT IS TIME FOR THE AMERICAN FARMER TO BE ASSURED  
OF A RELIABLE SUPPLY OF OIL PRODUCTS AND NATURAL GAS.  
AND TIME IS RUNNING OUT.

OUR NATION WILL BE SERIOUSLY DAMAGED IF CONGRESS  
DOES NOT ACT THIS YEAR TO GIVE US A NATIONAL ENERGY POLICY.

I HAVE GREAT CONFIDENCE IN THE U.S. CONGRESS, AND  
~~WE~~ ALL REALIZE THAT A GOOD PARTNERSHIP BETWEEN THE  
PRESIDENT AND THE CONGRESS IS NECESSARY IF THE NEEDS  
OF OUR COUNTRY ARE TO BE MET.

WHEN THE CONGRESS COOPERATED WITH ME IN PASSING  
THE 1977 FARM BILL, WE PROVED THAT WE COULD WORK TOGETHER  
TO FIND TOUGH SOLUTIONS TO TOUGH PROBLEMS.

(AND NOW THAT FARM BILL IS....)

AND NOW THAT FARM BILL IS BEGINNING TO DO THE  
JOB IT WAS SUPPOSED TO DO.

WE MUST DO THE SAME THING WITH ENERGY,...WITH  
CIVIL SERVICE REFORM,...WITH HOSPITAL COSTS,...WITH  
AIRLINE DEREGULATION,...AND WITH TRIMMING GOVERNMENT  
SPENDING.

WE MUST PUT PUBLIC INTEREST ABOVE SPECIAL INTEREST.  
ONLY THEN CAN WE BEAT INFLATION.

I NEED YOUR HELP.

I NEED THE HELP OF YOUR ELECTED REPRESENTATIVES.  
AND I NEED IT NOW.

THIS IS THE CHALLENGE WE FACE TOGETHER.

# # #

THE WHITE HOUSE  
WASHINGTON

August 14, 1978

Jody Powell

The attached was returned in  
the President's outbox. It is  
forwarded to you for your  
information.

Rick Hutcheson

RE: LETTER FROM MEL ELFIN  
ON DINNER AT WHITE HOUSE

# **Newsweek**

1750 PENNSYLVANIA AVENUE, N.W. SUITE 1220, WASHINGTON, D. C. 20006

**MEL ELFIN**

Washington Bureau Chief

(202) 393-3200

Jody  
info  
J

# Newsweek

1750 PENNSYLVANIA AVENUE, N.W. SUITE 1220; WASHINGTON, D.C. 20006

Mel Elfin  
Washington Bureau Chief  
(202) 393-3200

August 4, 1978

The President and Mrs. Carter  
The White House  
Washington, D. C.

Dear Mr. President and Mrs. Carter:

Just a note to say how much Margery and I enjoyed your company, your cuisine, your conversation and the visit to your home the other night. What made it so special was that we felt so much at ease, so much at home, so comfortable and so "normal". Every once in a while, as we sat around talking after dinner, I had to remind myself that it was not simply another beautiful house in Washington and not simply another dinner party given by another interesting new couple in town, but rather that these were the family quarters in the White House and that our host and hostess were the President and the First Lady.

To create that kind of "every day" atmosphere amid the sometimes overwhelming sense of history that permeates every inch of that most splendid of America's living monuments is a tribute both to the genuineness of your hospitality and your knack for "de-pomping" the White House. While I, too, get a little patriotic tingle every time I hear "Hail to the Chief," I get an even bigger human tingle when I encounter genuine human warmth such as we did on Wednesday evening.

I trust that the lines of communication which I believe were opened then will flourish and strengthen. As we all realize, the press and the Presidency have different and sometimes conflicting functions in our system of government. However, both can do their jobs better if they have a surer grasp of what the other is up to and why. While we may occasionally view events in this frequently inchoate city in different lights, I trust the differences will not be caused either by a lack of information or by a misreading of each other's motivations.

My giving you my Newsweek business card the other night was not intended facetiously. It was meant as a sincere demonstration of our desire to understand your positions and your views as thoroughly as possible. As I mentioned out on the balcony, the only other time that I had been up in the family living quarters was in 1966. The occasion was a hurry up call from George Christian asking me whether I could be in the White House "in 15 minutes for a backgrounder with the President" on the upcoming Manila conference.

Because I was 12 years younger and a good deal more agile then and because our office is just down the street at 1750 Pennsylvania, I made the backgrounder in plenty of time. Fortunately for us, because the session itself was enormously useful in helping Newsweek to understand both the objectives of the Manila conference and that extraordinary bundle of complexities that was Lyndon Baines Johnson. In those days -- before Richard Nixon shut off the lines of communication almost completely between this bureau and the White House -- President Johnson would also sometimes telephone Ken Crawford, then writing a weekly column for us, to explain his positions on the war or the riots or the economy. That, too, was tremendously important and useful for us.

All of the above, of course, is a rather roundabout way of saying that both this bureau and Newsweek's editors in New York are eager to continue the dialogue that was started on Wednesday. We are grateful for a truly gracious evening and for your offering us the opportunity to establish new lines of communication between your place at 1600 Pennsylvania and our place at 1750 Pennsylvania.

Sincerely,

A handwritten signature in dark ink, appearing to read "Mel Elfin". The letters are stylized and connected, with a prominent "M" and "E".

Mel Elfin  
Bureau Chief

P.S. Over the weekend, I'm going to check the serial numbers on my AR-2s. Then we might be able to see who owns the oldest bookshelf speakers in Washington.



THE WHITE HOUSE  
WASHINGTON

August 14, 1978

Jerry Rafshoon

The attached was returned in  
the President's outbox. It is  
forwarded to you for your  
information.

Rick Hutcheson

ok  
J

THE WHITE HOUSE  
WASHINGTON

August 11, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: JERRY RAFSHOON

JR

In both the Business Week and the US News and World Report interviews we found an error, which I feel should be brought to your attention.

In talking about the Steiger and Jones amendments you have said that "the average American family who makes \$25,000 a year would get an average tax benefit from Steiger or Jones of 25 cents per year in tax savings." To be absolutely accurate, you should say either of the following:

The average American family who makes \$25,000 a year would get an average tax reduction of only one dollar.

or

The average American family who makes between \$15,000-\$20,000 a year would get an average tax reduction of only 25 cents.

Additionally, your statement that "three thousand people who have an income of a million dollars or more per year would get an average of \$215,000 in tax reductions" should more accurately read "several thousand people who have an income of a million dollars or more per year would get an average of between \$145,000 and \$215,000 in tax reductions. (This reflects the differences in the Steiger (\$215,000) and the Jones (\$145,000) amendments.

THE WHITE HOUSE

WASHINGTON

August 14, 1978

MEMORANDUM FOR THE PRESIDENT

FROM:

STU EIZENSTAT *Stu*  
ORIN KRAMER

SUBJECT:

HUD Regulations Governing the Federal  
National Mortgage Association (FNMA)

FNMA is a privately-owned corporation chartered by Congress to increase the availability of mortgage credit by buying and reselling home mortgages. It is the nation's sixth largest corporation and the major institutional force in the housing finance markets. Over the past year HUD has made several unsuccessful efforts to exert greater control over FNMA; HUD's lack of success has been embarrassing to the Department and has produced an acrimonious relationship between HUD and FNMA and its supporters. You decided last January to reject the Secretary's recommendation that you discharge "for cause" the chief officers of FNMA. The Justice Department had found that HUD's recommended action would have been illegal, and Hamilton, Bob and I believed that the political consequences for you would have been severe.

Immediately after you made that decision, the Secretary published for comment without prior White House review regulations governing and fundamentally changing the operations of FNMA. We strongly endorsed the principle of promulgating regulations to make FNMA more socially responsive, but the regulatory approach adopted by HUD produced problems:

- The regulations were widely criticized as unduly burdensome, impractical and as a dangerous and illegal federal intrusion which jeopardized FNMA's capacity to carry out its secondary market operations. The financial community, mortgage bankers and homebuilders were uniformly opposed, as were the New York Times and even such steadfast HUD supporters as the Conference of Mayors.
- Although HUD made numerous improvements at the suggestion of ourselves and others, the final regulations recommended to be released this week by Secretary Harris would have still provoked a public furor and would have forced FNMA, represented personally by Edward Bennett Williams, to litigate. This sort of public confrontation would have been particularly undesirable at a time when we are

attempting to delete the one-house veto from the HUD authorization bill. The author of the HUD one-house veto provision is one of FNMA's strongest Congressional supporters, and we received over 50 unfavorable and only a handful of favorable letters on this issue from Congress.

- Since FNMA had indicated it would voluntarily comply with the programmatic objectives of the regulations, HUD's insistence on requiring these results by regulation would have been perceived as inconsistent with the Administration's general approach toward regulation.

Last week Secretary Harris submitted final regulations for our review and indicated that she would not accept significant changes unless directed to do so personally by you. For the reasons described above, we believed it important to avoid a public fight with FNMA and its many supporters. In view of the Secretary's extremely deep feelings on this issue, however, and the pressure we received over the past several days from HUD's black constituencies not to "repudiate" the Secretary on this issue, we also felt it was critical to avoid an internal Administration confrontation.

I am pleased that the Secretary has agreed to avoid such a confrontation and we have reached agreement on HUD's recommendations. The regulations were announced today in a form which will (1) require FNMA to increase its activity on behalf of low- and moderate-income families, and (2) set goals for FNMA activity in central cities. This will permit Secretary Harris to establish strong regulations, but will avoid the violent criticism that the Department's recommended approach would have created. That approach would have backed the central city goal up with explicit sanctions. The necessity of forcing you to adjudicate this difficult political issue has been averted.

I am personally very grateful for the cooperation shown by Secretary Harris in resolving this matter without having to involve you in a "no win" choice. Since these regulations were announced on August 14 and you might be questioned about them, I thought you should know about the background. These regulations are responsible, fair and balanced and a step forward toward making FNMA more socially responsible.

THE WHITE HOUSE  
WASHINGTON

August 14, 1978

The Vice President  
Stu Eizenstat  
Hamilton Jordan  
Tim Kraft  
Bob Lipshutz  
Frank Moore  
Jody Powell  
Jack Watson  
Anne Wexler  
Jim McIntyre  
Hugh Carter  
Jerry Rafshoon

Re: Cabinet Summaries

The attached were returned in the President's outbox today and are forwarded to you for your personal information.

Rick Hutcheson

EYES ONLY

NO COPIES

<input type="checkbox"/>	FOR STAFFING
<input type="checkbox"/>	FOR INFORMATION
<input checked="" type="checkbox"/>	FROM PRESIDENT'S OUTBOX
<input type="checkbox"/>	LOG IN/TO PRESIDENT TODAY
<input type="checkbox"/>	IMMEDIATE TURNAROUND
<input type="checkbox"/>	NO DEADLINE
<input type="checkbox"/>	LAST DAY FOR ACTION -

ACTION  
FYI

<input type="checkbox"/>	ADMIN CONFID
<input type="checkbox"/>	CONFIDENTIAL
<input type="checkbox"/>	SECRET
<input type="checkbox"/>	EYES ONLY

<input type="checkbox"/>	VICE PRESIDENT
<input type="checkbox"/>	EIZENSTAT
<input type="checkbox"/>	JORDAN
<input type="checkbox"/>	KRAFT
<input type="checkbox"/>	LIPSHUTZ
<input type="checkbox"/>	MOORE
<input type="checkbox"/>	POWELL
<input type="checkbox"/>	WATSON
<input type="checkbox"/>	WEXLER
<input type="checkbox"/>	BRZEZINSKI
<input type="checkbox"/>	MCINTYRE
<input type="checkbox"/>	SCHULTZE

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<input type="checkbox"/>	BOURNE
<input type="checkbox"/>	BUTLER
<input type="checkbox"/>	H. CARTER
<input type="checkbox"/>	CLOUGH
<input type="checkbox"/>	COSTANZA
<input type="checkbox"/>	CRUIKSHANK
<input type="checkbox"/>	FALLOWS
<input type="checkbox"/>	FIRST LADY
<input type="checkbox"/>	GAMMILL
<input type="checkbox"/>	HARDEN
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<input type="checkbox"/>	JAGODA
<input type="checkbox"/>	LINDER
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THE SECRETARY OF TRANSPORTATION  
WASHINGTON, D.C. 20590

August 11, 1978

MEMORANDUM FOR THE PRESIDENT

ATTENTION: Rick Hutcheson, Staff Secretary

FROM: Brock Adams

SUBJECT: Significant Issues for the Week of August 7

Waterway User Fees - I have negotiated a proposed solution on the Lock and Dam 26/Waterway User Fee issue and have so informed Stu Eizenstat. We need to decide immediately on a strategy for pursuing this since Congressman Ullman and Senator Long are awaiting a signal from the Administration. I would like to talk with you personally on this matter at the beginning of next week. ok

Chicago & North Western Railroad Agreement - On August 8 the Federal Railroad Administration reached agreement with the Chicago & North Western Railroad (C&NW) to provide \$90.1 million in Preference Share financing for upgrading 357 miles of critically important rail line, between Fremont, Nebraska, and Clinton, Iowa. This represents the largest project approved to date under Section 505 of the 4R Act. It also incorporates an agreement between the C&NW and the Milwaukee Railroad to consolidate services over 135 miles of line. We consider this feature to be a major breakthrough, and are working hard to encourage further consolidations of this nature.

Truck and Bus Fuel Economy Improvement Program - I held a news conference Wednesday (August 9) with the president of the Motor Vehicle Manufacturers Association to announce that a voluntary truck and bus fuel economy improvement program had achieved savings of 1.7 billion gallons of fuel from 1973 to 1977. The savings were enough to heat the homes of 3 million Americans for one year or to run all the nation's cars for a week. The Transportation Department coordinated the program with DOE and EPA.

Regulatory Reform Initiatives - The Federal Maritime Commission by a 5-0 vote this week approved the use of "miniland-bridge" service -- a joint rail-water rate for goods traveling in international transportation to or from an inland area. The miniland-bridge increases competition in both the railroad and maritime industries. This is a landmark decision by the FMC. The Department of Transportation was the sole Federal Agency intervening before the FMC in behalf of the "miniland-bridge" concept.

This week, DOT in a filing at the ICC argued that the movement of fresh fruits and vegetables by rail should be exempt from regulation. We have been joined in this by the Department of Agriculture. If approved by the ICC, this exemption would give complete rate freedom to the railroads in a market which has now been almost entirely lost to trucks. The shippers would benefit from having greater price competition and service alternatives.



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**THE WHITE HOUSE**

**WASHINGTON**

August 11, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: Robert S. Strauss *RSS*

RE: Weekly Summary

Administration's Anti-Inflation Efforts  
August 5 - August 11, 1978

REGIONAL FORUMS

As you know, Kling and others have completed exploratory trips to Hartford, St. Louis, Minneapolis and Dallas this past week.

We have found the reactions to the Administration's anti-inflation policies to be mixed. At this point, we feel that larger type anti-inflation forums should be conducted in St. Louis and Hartford.

In St. Louis, particularly, business, labor and local government appear cooperative as to the forums and specific deceleration commitments.

In Hartford, business and local government are also cooperative while labor remains, at the least, receptive.

We are in the process of developing formats for any number of additional low-key inflation meetings around the country. It seems to me, and Kling agrees, where reasonable and where the local people are cooperative, that it would be a useful activity for the Administration to pursue.

BUSINESS

Reactions for our requests for specific commitments from the leading Fortune 1000 corporations are not very encouraging. We have found from our meetings that the private sector feels there is not enough substance in our program. As you know, under the primary direction of Schultze, Bosworth and others, we are pursuing additional substantive measures. I hope by your return from the West, we will be able to present you with something specific to look at that can be supported by the EPG and others.

Kling and Gerson are continuing to meet with various associations and obtain support such as the Tanners' Council of America and the National Utility Contractors Association which we received this week.

BUDGET

At the direction of the Working Group on Efficiency and Cost Reduction senior OMB staff will be contracting various departments and agencies this coming week to locate cost reduction target.

I remain hopeful this is going to develop into something worthwhile.

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THE SPECIAL REPRESENTATIVE FOR  
TRADE NEGOTIATIONS  
WASHINGTON

August 11, 1978

MEMORANDUM TO THE PRESIDENT

FROM: Ambassador Robert S. Strauss

RE: Weekly Summary

Congressional concern is growing over the balance of payments deficit, particularly with respect to the Japanese, and the consequent decline of the dollar. As you know, Chairman Vanik, joined by others, wrote you recently requesting that you consider imposing an import surcharge. I have replied in your behalf describing the steps we are taking to deal with the problem and explaining why an import surcharge would not be desirable under the present circumstances.

The need for an improvement in the international rules on subsidies was never more apparent than this past week when Ford announced that it was locating an engine plant in Ontario, instead of Ohio, because the Canadian Government had offered an investment incentive of \$68 million. This is the latest in a long history of irritants in the U.S.-Canadian economic relationship. We are consulting with Canada both bilaterally and multilaterally in an effort to negotiate an international agreement on subsidies.

Finally, the International Trade Commission has recommended that a 300,000 ton quota be imposed on copper imports. This starts a 60-day clock running during which we must decide what it is, if anything, we are going to do on behalf of the copper industry.

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THE CHAIRMAN OF THE  
COUNCIL OF ECONOMIC ADVISERS  
WASHINGTON

August 11, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: Charlie Schultze  
SUBJECT: CEA Weekly Report

Humphrey-Hawkins. My staff met with DPS staff and representatives of the Senate and the Full Employment Action Council to discuss senate strategy on the Humphrey-Hawkins bill. The group generally agreed that prospects for the bill are not bright under any circumstances, but we will be working with them to devise amendments that will make the Senate bill acceptable both to them and to us. Prior to your meeting next week with the backers of the bill, I will work with Stu to prepare briefing papers for you.

Environmental Regulations. Members of my staff met this week with representatives of the Environmental Protection Agency to discuss EPA's proposed regulations on lead in the ambient air and on new-source performance standards (NSPS) (sulphur and particulates) for coal-fired power plants. These meetings were productive. Stu, Jim Schlesinger, and I will be meeting with Doug Costle next week to discuss further the best way for EPA to keep open its options on the coal-scrubbing regulation. You should be aware that both the Natural Resources Defense Council and the Environmental Defense Fund are disturbed by the activities of the Regulatory Analysis Program. NRDC has written to you asking that the program be abolished. EDF has written to me and privately is threatening to take legal action to block further CEA interventions in regulations after the close of public comment. an interagency group currently is assessing the best course for us to follow in the future with respect to Executive Office interventions into regulatory agency activities after the close of public comment.

Anti-Inflation Policy. CEA has been participating in an interagency group to evaluate possible options for improving the anti-inflation program. The EPG will receive a report on the progress of this group shortly. I will keep you informed of the progress the group is making.

EXECUTIVE OFFICE OF THE PRESIDENT  
COUNCIL ON ENVIRONMENTAL QUALITY  
722 JACKSON PLACE, N. W.  
WASHINGTON, D. C. 20006

①

August 11, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: Charles Warren (Warren)  
Gus Speth  
Jane Yarn

SUBJECT: Weekly Status Report

Member-Designate Jane Yarn: Jane Yarn's nomination hearing last week before the Senate Environment and Public Works Committee went well. One committee staff was quoted as saying: she was "extremely skillful in skirting all the mines we planted for her." Her nomination should be approved by the Senate within a couple of weeks. Jane is working with us now and is expecting to focus primarily on issues involving agriculture, public lands, wildlife, recreation, and land use.

Environmental Bi-monthly Luncheon - Endangered Species Act: Most of the discussion centered on the proposed amendments to the Endangered Species Act. Disagreement exists among the environmental organizations, some support amendments such as the Culver-Baker amendment (which would establish a cabinet-level committee for permitting actions to proceed that might extinguish a species); other groups oppose any amendments. The conflict has extended to the House where Leggett and Dingell are offering alternative proposals. Leggett's bill grants the President power to grant exemptions by executive order. The Administration position remains to oppose any amendments to the Act. Mark-up is scheduled for next Tuesday.

Senate Votes to Exempt Preparation of Colorado River Basin EIS: In response to a lawsuit challenging Interior's failure to prepare a comprehensive environmental impact statement (EIS) for the Colorado River Basin, Interior agreed that it should be prepared and requested appropriations. On Tuesday, the Senate voted to permit each Colorado River Basin water project to proceed if a site specific EIS has been prepared, thereby exempting the overall federal water resources development program in the Colorado River Basin from the EIS requirement. A result and perhaps the purpose of the Senate exemption is to obscure the fact - which would become evident if the comprehensive EIS were prepared - that there is insufficient water in the basin to meet all the demand needs of the combined projects.



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United States  
Environmental Protection Agency  
Washington, D.C. 20460

August 11, 1978

C  
The Administrator

REPORT TO THE PRESIDENT

FROM: Douglas M. Costle

1. The Love Canal episode in Niagara, New York, in which you helped last week, is the kind of issue that is probably going to be arising again and again in the coming years as similar problems with chemical wastes occur elsewhere.

The regulations we are preparing now under the Resource Conservation and Recovery Act (RCRA) are designed to eliminate the kinds of practices that led to the Love Canal problem. The Act requires that anyone who disposes of hazardous wastes get a permit from EPA or the appropriate State authority. The permitting process is to assure that disposal sites are designed properly, and provide for safeguards after they are shut down.

Some of the RCRA regulations have already been proposed for public comment, and all are scheduled to be out by the end of this year. The program will provide a high degree of protection to the public at a relatively modest cost (an analysis of the program's economic impact is being carried out).

There are some difficult policy questions in applying RCRA standards to abandoned sites, like the Love Canal, however. There could be legal complexities if a site has changed hands. Also, we lack information about the number of these abandoned sites; they may number in the thousands. Many of these sites can pose a serious threat to public health because the wastes can leach into groundwater, contaminating wells and other sources of drinking water up to several miles away.

Jim McIntyre and I are beginning a joint analysis of how best to deal with these difficulties. Either Jim or I will keep you advised as to our conclusions.

2. On other matters, I thought you might be interested to know that a recent Harris poll shows the American people are increasingly optimistic about environmental progress. Although less than a majority believes that progress is likely, the percentage who feel that way has more than doubled over the past two years. Harris concludes that the American people "sense that their desire to clean up the environment is being heeded."

**Community** WASHINGTON, D.C. 20506  
**Services Administration**



August 11, 1978

MEMORANDUM TO THE PRESIDENT

Attention: Rick Hutcheson, Staff Secretary

FROM: Graciela (Grace) Olivarez, Director  
Community Services Administration

SUBJECT: Weekly Report of Significant Agency Activities  
(August 7 - 11, 1978)

CSA Freezes Funds to Puerto Rico

The Community Services Administration has frozen all CSA funds to the Puerto Rico Community Action Agency. The freeze was ordered because Puerto Rico CAA, operated by the Commonwealth of Puerto Rico, has been attempting, against the directives of its regional office, to cut funds to several of its programs, including a reduction from \$400,000 to \$200,000 to VESPR, a community organizing project. A special field visit has been conducted by CSA headquarters and regional staff, who concluded that the Puerto Rico CAA decision to reduce funding was based on insufficient data. Therefore, Region II directed that CSA programs in Puerto Rico be continued at their existing levels until CSA could complete an evaluation.

Disaster Relief

As a result of the extensive flooding in Texas this past week, Region VI CAAs in San Antonio, San Marcos, New Braunfels and Uvalde have been designated to deal with disaster relief. Three emergency centers have been set up to handle relief applications to appropriate agencies, transportation to relief centers and other aspects of disaster assistance. There is a possibility that additional centers may be opened if the need exists.

National Farmworker Service Center

The Community Services Administration awarded a grant of \$349,000 this week to the National Farmworker Service Center which is directed by Cesar Chavez. The grant is to provide technical assistance and self-sufficiency for the Farmworker's Credit Union. The goals of this project are to computerize the bookkeeping system, provide consumer education services through outreach, develop the capability of the credit union to capture other resources and provide financial and credit union management skills to credit union staff.



EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503  
August 11, 1978

C

MEMORANDUM FOR: THE PRESIDENT

FROM: Jim McIntyre, Director

A handwritten signature in cursive script, appearing to read "Jim", written over the printed name "Jim McIntyre".

SUBJECT: Weekly Report

1. This week I visited Dallas, Texas, where I spoke at a breakfast meeting sponsored by Congressman Jim Mattox for 300 Dallas area leaders, including the mayor. I also held a press conference; met with the Federal Executive Board; spoke at a luncheon for state, local and Region VI Federal officials; and met with a group of business leaders. The trip was a highly successful one. I found strong support for our efforts to reduce the budget deficit and a consensus that inflation is our most serious problem.
2. We have begun discussions with the departments to identify budgetary reductions. I will keep you informed of our progress.
3. The House of Representatives passed the Civil Service Reorganization Plan by defeating the "Disapproval Resolution" on a vote of 381-19. I was disappointed that the Civil Service legislation was pulled off the floor today. We are working with Scotty, Stu and Frank Moore to devise a way to avoid a procedural filibuster when the legislation is brought up again.
4. The Department of Education bill was voted out of the House Government Operations Subcommittee on Legislation and National Security. The subcommittee deleted the school feeding programs, science education and Indian education programs. The full committee markup commenced Wednesday but was delayed by Representative John Erlenborn. The full committee markup will resume on Monday, and we hope to get the bill reported in time for a vote this year. We are working on a legislative strategy, and I'll report to you early next week.



5. The ERISA plan was announced by the Secretary of Labor, the Undersecretary of the Treasury and me and submitted to Congress on August 10.
6. The Advisory Committee on Federal Pay will meet with you on August 16 to present its report and views on the October 1, 1978 pay increase. Your decision on the pay plan must be submitted to the Congress by August 31, 1978, even if the Congress is in recess.

(b) Wealthy Real Estate Developer Indicted in Check Kiting

On July 19, in Milwaukee, ROBERT W. NANZ, wealthy former Waukesha real estate developer, was indicted in connection with a check kiting scheme that cost banks in several states \$1.2 million in 1974. The indictment completes a four-year probe of his financial affairs. The indictment is in addition to a 74-count indictment returned in Chicago charging Nanz and an Illinois bank president with misapplication of \$1.8 million.

4. Marijuana Seizure

The Drug Enforcement Administration today announced that in cooperation with the Coast Guard, it has seized more than 100 tons of marijuana aboard a ship off Florida that was destined for the United States. The seizure, which resulted from a four month DEA investigation, was double the largest ever maritime marijuana seizure in history. The 100 plus tons were valued at 85 million dollars. DEA made 30 arrests and the investigation is continuing.

5. Disclosure to Congress

On August 9, Acting Attorney General Michael Egan rendered a legal opinion to Hale Champion that the statute providing for the confidentiality of trade secret information furnished to the government by private business prohibited the disclosure of that confidential information to Members of Congress as well as to members of the general public. HEW is prohibited by the statute from complying with the demand of Congressman John Moss for committee access to some three floors of confidential business documents including trade secrets information furnished to FDA by drug manufacturers.



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Department of Energy  
Washington, D.C. 20585

August 11, 1978

MEMORANDUM FOR:

THE PRESIDENT

FROM:

JIM SCHLESINGER JS

SUBJECT:

Weekly Activity Report  
August 7 - August 13, 1978

1. East Coast entitlements adjustment. This week, the Senate passed, as an appropriations amendment, a compromise provision which would provide most of the relief previously contemplated by the Department for East Coast importers of residual fuel oil, to help equalize entitlement benefits nationwide. Under the compromise, agreed to between Bennett Johnston and the New England Senatorial delegation, the effective level of entitlements relief would rise from the present 30 percent to about 50 percent; this compares with an effective rate of about 60 percent under the Department's proposed rule. I indicated to those working on the compromise that we continued to prefer the Administration approach, but that we would implement the compromise approach if it became law. Part of the compromise approach would be to request modification of a current Presidential proclamation to continue exemption of East Coast residual fuel oil imports from import fees. I indicated that I would recommend such a modification to you should the provision become law, and believe Stu Eizenstat would make a similar recommendation.
2. Promising Magnetic Fusion Results. Recent experiments at the Princeton Large Torus facility seem to confirm that stable plasmas can be maintained at high temperatures, in accordance with predictions concerning "classical plasma confinement." These experiments at 80 million degrees, three times higher than previously achieved, did not exhibit degradation of the plasma confinement, as some theorists had anticipated a possible temperature instability "barrier." This is a significant United States achievement because no other nation has a facility capable of producing these plasma conditions. These results represent a major step toward achievement of energy breakeven in the Tokamak Fusion Test Reactor experiment scheduled for 1981 operation.
3. Departmental nominee confirmation. This week, the Senate confirmed the nomination of Duane C. Sewell to be Assistant Secretary for Defense Programs. This leaves only the nomination of Ruth Clusen for the Assistant Secretary for Environment position yet to be completed, and the Senate Energy Committee is likely to take up her nomination in early September.



Office of the Attorney General  
Washington, D. C. 20530

August 11, 1978

Principal Activities of the Department of Justice  
for the week of August 7 through August 11

1. Meetings and Events

On Monday, August 7, the Attorney General met with the Attorney General of England and Wales and the two delivered companion addresses to the American Bar Association Luncheon in New York. The addresses dealt with the respective roles and independence of the Attorney General in England and the United States.

2. Wiretap Legislation

This week the wiretap bill due for consideration on the House floor was postponed until soon after the House recess, in early September. The decision was made by Speaker O'Neill and Chairman Boland who believe that the proponents of the bill can use the time to chip away at the opposition, and that we are more likely to have a better turnout of the "pro" Congressmen at that time.

3. Criminal Matters

(a) Heroin Ring Leader Convicted Continuing Criminal Enterprise

On July 21 in Brooklyn, ANTONIO CRUZ-VASQUEZ, leader of a major heroin ring, was convicted of having engaged in a continuing criminal enterprise. He was apprehended in Las Vegas where he enjoyed a \$1 million credit line at a gambling casino. Seven other codefendants have pleaded guilty or been convicted. Three others are fugitives and one is awaiting trial. Forty-one pounds of heroin were seized from ring members.

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THE SECRETARY OF HEALTH, EDUCATION, AND WELFARE  
WASHINGTON, D. C. 20201

August 11, 1978

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Weekly Report on HEW Activities

The following is my weekly report on significant activities in the Department of Health, Education, and Welfare:

- Child Health Assessment Program. I will be testifying before the Finance Committee's Health Subcommittee on your CHAP program. It will, as you know, extend basic health services -- including preventive services -- to nearly 2 million poor children not presently covered by Medicaid. This is an important program that will be enacted this year and that will provide you with a legislative victory -- one that takes a major step along the road to comprehensive, universal health coverage as outlined in your National Health Plan principles.
- Legionnaires' Disease. The Center for Disease Control this weekend will announce major advances in understanding and detecting legionnaires' disease. For the first time, CDC has been able to isolate legionnaires' bacterium from environmental -- as opposed to human -- samples. This has resulted from new, improved laboratory procedures to detect the presence of the bacterium in the environment. CDC has also found a new type of legionnaires' bacteria which suggests the disease may be more widespread than previously believed. CDC will begin to explore whether control measures are appropriate and effective.
- Tuition Tax Credits. The vote on the Senate floor will be early next week. The tax credit will obviously pass but the question of tax credits for elementary and secondary schools is, as you know, hotly contested and the outcome is not yet clear.
- Vacation. I will be on vacation in Wellfleet, Massachusetts, from August 17 thru September 5th. Hale Champion will be Acting Secretary in my absence.

*Hale Champion*  
for Joseph A. Califano, Jr.

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**U. S. DEPARTMENT OF LABOR**

OFFICE OF THE SECRETARY

WASHINGTON

C

August 11, 1978

**MEMORANDUM FOR THE PRESIDENT**

**FROM:** SECRETARY OF LABOR, Ray Marshall <sup>Cal</sup>

**SUBJECT:** Major Departmental Activities - August 7-11

The major event of the week was the Administration's relations with George Meany and the AFL-CIO. You are fully informed about what happened. I have nothing else to report.

Attached is George Meany's response to my statement.

Attachment



## **UNITED STATES DEPARTMENT OF LABOR**

**OFFICE OF INFORMATION, PUBLICATIONS AND REPORTS • WASHINGTON, D.C. 20210**

### **Statement by George Meany on Secretary Marshall's Statement**

All my life I've called it as I saw it. I have honestly answered questions from the press and have never sought to deceive the press or the public. I don't intend to change.

The AFL-CIO is not an agency of government. It cannot be used to hold down wages or to control workers. It will never be an instrumentality of government or of any Administration.

Recent events have shown that there are surely enough powerful forces in this country arrayed against workers. It is the function of the American trade union movement to protect and advance workers' interests and we remain committed to those principles.

Now I think the Administration ought to stop issuing statements and press releases or leaking views from anonymous spokesmen and go to work trying to solve the nation's economic problems.

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DEPARTMENT OF AGRICULTURE  
OFFICE OF THE SECRETARY  
WASHINGTON, D. C. 20250

August 11, 1978

MEMORANDUM TO THE PRESIDENT

THROUGH Rick Hutcheson  
Staff Secretary

SUBJECT: Weekly Report

GRAIN. USDA now estimates the 1978 corn crop will reach 6.50 billion bushels, 2 percent above last year's record, however, total feed grain production (corn, sorghum, oats and barley) will be only slightly above last year.

Total wheat production is expected to be 10 percent less than last year.

Soybean production is forecast to be 3 percent above last year, a new record.

Cotton production is expected to be down 18 percent from last year.

MEAT. Expanded pork and poultry production more than offset reductions in beef production, however, consumer demand for beef continues high keeping prices to the producer higher than last year. Retail prices should remain steady and not increase dramatically during the balance of the year.

TREES. USDA has gotten together representatives of environmental groups and the timber, mining and cattle industries to discuss long-range planning for the use of national forest lands.

BUDGET. The FY 1980 internal budget hearings have been conducted all week. After last year's experience convinced the agencies we are serious about ZBB, the meetings have been fascinating and rewarding.

  
BOB BERGLAND



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THE SECRETARY OF HOUSING AND URBAN DEVELOPMENT  
WASHINGTON, D. C. 20410  
August 11, 1978

C

MEMORANDUM FOR: The President  
Attention: Rick Hutcheson, Staff Secretary

SUBJECT: Weekly Report of Major Departmental Activities

Mobile Home Loan Insurance Program Active. For the second month in a row, mobile home loans have exceeded 2,000. Since January 1978, a total of 11,981 loan guarantees have been made representing \$159,186,702 in mortgage value. This compares with 8,908 loan guarantees for \$107,487,821 during the same seven-month period in 1977. The General Electric Credit Corporation, the largest mobile home lending institution in the nation, uses the Title I Mobile Home Loan Insurance program as one of its principal vehicles for originating loans. As of June 30, 1978, this company had made 1,114 mobile home loans for approximately \$15,500,000. Currently, it is originating over \$1,000,000 Title I business a week, and has a goal of \$4,000,000 a week.

Energy-Conscious Americans Competing for Passive Solar Design Awards. Over 550 applications have been received for the Department's residential solar design competition. This competition is intended to identify the best passive solar residences being built in the nation. Individual prizes of \$5,000 will be awarded this winter for each winning new home design. In other energy-related activity, the Department has now distributed 606,800 energy information kits to organizations and individuals. Each kit contains five Departmental publications on how to conserve energy in the home. This makes the kit one of the most popular government publications in recent history.

Urban Development Needs to be Better Identified. The Department co-hosted with the Department of Transportation and in cooperation with the Urban Consortium the first national symposium to identify the most critical developmental needs of major urban areas. The consortium, which represents the 28 largest cities and eight urban counties, was organized in 1974 to help direct Federal development activities. This symposium is the most significant effort to link together the various Federal agencies involved in such activities with the Consortium. As such, it is a clear reflection of the intent of the national urban policy to better coordinate the programs of the Federal government which impact on urban areas. The results of the symposium will be used to help target developmental activities to more clearly-defined areas of greatest need.

Department to Co-Sponsor Wyoming's First State-Wide Consumer Conference on Housing and Community Development. Governor Edward Herschler has requested that HUD co-sponsor a three-day conference in September which will feature a public hearing on the shelter needs of low income persons, including the unique needs of Native Americans. This conference will help the State formulate new housing legislation.

P<sub>et</sub>

Patricia Roberts Harris



THE SECRETARY OF THE TREASURY  
WASHINGTON 20220

August 11, 1978

MEMORANDUM FOR THE PRESIDENT

Subject: Highlights of Treasury Activities

1. TAX BILL

I testify August 17th on the bill before the Senate Finance Committee. Before then, I will have talked at length with Chairman Long, who professes a willingness to work with us. My posture in testimony will be that the House bill has major deficiencies -- chiefly the distribution of the individual cuts and the lack of a meaningful minimum tax on capital gains. I will point out that the House Leadership and two-thirds of the House Democrats agree with this view. Until we reach Conference, I think it is best to keep our options open -- to avoid veto threats and to continue working conscientiously for improvements.

2. SUPPLEMENTARY FISCAL ASSISTANCE BILL (SFA)

The Senate Finance Committee yesterday voted 10-5 for a targeted fiscal assistance bill similar to our original SFA proposal. This gives us a decent chance of getting final legislation of this type, despite last week's defeat in a House Subcommittee.

The Senate bill would distribute approximately \$500-650 million during each of the next two years to fiscally strained State and local governments. Allocations would be made based on the formula used for countercyclical revenue sharing which determines allocations based on unemployment rates. Our original bill had called for \$1 billion annually.

3. EPG

The EPG meets next Friday to review Secretary Marshall's anti-inflation plan and to prepare staff work on the elements of a possible new program. The elements under discussion involve TIP proposals, Social Security taxes and benefits, the 1979 minimum wage increase, and regulatory review. We are aiming to have options for your review by mid to late September.

  
W. Michael Blumenthal

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THE SECRETARY OF COMMERCE  
WASHINGTON, D.C. 20230

August 11, 1978

FYI

REPORT TO THE PRESIDENT

I believe the Administration can and should further improve business support for our policies, including our economic and anti-inflation efforts. To this end I am initiating an expanded outreach to the business community which I believe is worth summarizing. This effort will focus on two principal objectives: (1) to explain better to the business community the goals and accomplishments of the Administration, with special emphasis on our anti-inflation measures; and (2) to seek constructive suggestions or ways by which both the Department and the Administration can be of greater assistance in dealing with critical business problems.

- o In September, I will chair a regulatory reform seminar which will bring together leaders from business, special interests groups and academia. The seminar will address several issues in the regulatory area that can significantly contribute to fighting inflation.
- o During the next six months I will be pursuing an intensive speaking and consultation schedule with national business organizations and major trade associations. Current plans include meetings with the Business Council, the Business Roundtable, the Chicago Economic Club, the Conference Board, the National Association of Manufacturers, and the U.S. Chamber of Commerce; I will also be meeting the key trade groups such as retailers, paper manufacturers, general contractors, textiles manufacturers, iron and steel producers, aerospace manufacturers, and newspaper publishers. I expect these consultations will focus on issues crucial to fighting inflation, including cutting the budget, regulatory reform, expanding U.S. exports, and increasing productivity.
- o We also are initiating a series of monthly meetings with small groups of executives from important industrial and service sectors. Our first four meetings will cover industrial chemicals, paper and pulp, machine tools, and food processors. In addition to promoting Administration anti-inflation policies, we will review particular problems that these industries may be experiencing which push up costs and prices.

  
Juanita M. Kreps

# WITHDRAWAL SHEET (PRESIDENTIAL LIBRARIES)

FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
Memo	Frank Moore to Pres. Carter, w/attachments 17 pp., re:Weekly Legislative Reports	8/12/78	A
Memo	Harold Brown to Pres. Carter, w/attachments 4 pp., re:Defense Summary	8/11/78	A
Memo	Edward Sanders to Pres. Carter, w/attachments 3 pp., re:Sen. Cranston Phone Call	8/11/78	A
Memo	Henry Owen to Pres. Carter, 2 pp., re:Wheat Set-aside	8/11/78	A
Cabinet Summary	Andrew Young to Pres. Carter, 1 pg., re:UN Activity	8/11/78	A
Memo	Lipshutz to Pres. Carter, w/attachments 2 pp., re:Estroff Visit	8/14/78	C

## FILE LOCATION

Carter Presidential Papers-Staff Offices, Office of Staff Sec.-Presidential  
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THE WHITE HOUSE  
WASHINGTON  
August 14, 1978

Stu Eizenstat

The attached was returned in the President's outbox today and is forwarded to you for appropriate handling.

Please notify other parties.

Rick Hutcheson

WHEAT SET-ASIDE

	FOR STAFFING
	FOR INFORMATION
<input checked="" type="checkbox"/>	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND
	NO DEADLINE
	LAST DAY FOR ACTION -

ACTION  
FYI

*syn - notify  
pls other parties*

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	BERGLAND
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	BROWN
	CALIFANO
	HARRIS
	KREPS
	MARSHALL
	SCHLESINGER
	STRAUSS
	VANCE

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THE WHITE HOUSE  
WASHINGTON

August 12, 1978

Stu -  
Let Bergland  
announce tomorrow  
Keep Confidential

MEMORANDUM FOR: THE PRESIDENT  
FROM: STU EIZENSTAT *Stu*  
LYNN DAFT  
SUBJECT: 1979 Wheat Program

The Food and Agriculture Act of 1977 requires the Secretary of Agriculture to announce the key provisions of the 1979 wheat program by August 15. In the attached memorandum, Secretary Bergland recommends a 20 percent set-aside, the same as this year. Memoranda from your other advisors are also attached.

#### The Situation

In brief, the world wheat situation is as follows. During 1977/78, U.S. stocks of wheat increased slightly, by about 1.7 million metric tons (mmt), despite continued strong exports. For the rest of the world, stock levels declined by about 11 mmt's.

*US (-) 6 mmt 1978  
World (+) 30 mmt 1978*  
Looking at the current crop year (1978/79), production in the United States is now expected to be down about 6 mmt while in the rest of the world it will be up about 30 mmt. Overall, it will be the second largest world crop on record, 9 mmt below the record crop of 1976. This is expected to result in a modest (6 mmt) increase in rest of the world stocks by the end of the crop year and a slight (1.2 mmt) reduction in U.S. stocks.

Last August when we announced the 1978 wheat set-aside, we also indicated our intention to form a domestic grain reserve of 30 to 35 mmt over the 1977 crop year. Of this amount, 15 mmt was to be wheat -- 9 mmt in the farmer owned reserve and 6 mmt under the Commodity Credit Corporation for use in an international emergency wheat reserve. The farmer owned reserve target has been surpassed and now stands at 10.3 mmt's (see attached charts). The international emergency

reserve is still awaiting legislative approval, although the CCC nowholds 1.3 mmt's of wheat as a result of loan takeovers.

As you know. the price of wheat has rebounded strongly from the low levels of last fall, although it has softened somewhat over the past 30 days (chart attached). The season average farm price for the 1978 crop is expected to be about \$2.75 per bushel, up from \$2.31 for the 1977 crop.

### Major Considerations

The major considerations in making this decision and the principal arguments advanced by the agencies are as follows:

Inflationary Impacts: In terms of effects on the CPI, both USDA and OMB say that the impact would be almost imperceptible. Treasury, State, COWPS, Esther Peterson, and Henry Owen do not take issue with the USDA estimate but feel that a set-aside would be perceived in the non-farm community as an inflationary action. Charlie Schultze points out that if there are extremely bad harvests next year (a one in eight chance) there could be significant inflation impacts.

Farm Prices/Farm Income: The average farm price for the 1978 crop is estimated to be \$2.75 per bushel. In the absence of any set-aside, USDA estimates that the season average price would fall to \$2.50 for the 1979 crop. A 20 percent set-aside would hold the 1979 crop price at about \$2.75. The implications of this for farm income, as estimated by the USDA, amount to a difference of \$386 million between the no set-aside and the 20 percent set-aside options. Although aggregate net farm income has risen significantly this year, due in large measure to the higher livestock prices, unpublished USDA forecasts are now showing a \$2 billion drop in farm income in 1979.

Budget Effects: Since the Emergency Farm Act of 1978 provides authority to raise the target price when set-asides are in effect, authority which the Secretary of Agriculture proposes to use, there is no significant difference in budget cost among the major options.

World Food Security: State, CEA, Treasury, and Henry Owen have raised questions regarding the adequacy of current reserve levels as protection against a serious shortfall in



production. CEA points out that, despite a substantial increase in stocks at the beginning of last year, world stocks were reduced during the year by about 9 mmt. USDA counters that reports of the current crop indicate a stock buildup over the coming year. The USDA also notes that U.S. stocks as a percent of world consumption would increase from an estimated 7.7 percent this crop year to 8.5 percent in 1979, under no set-aside. A 20 percent set-aside would lower this share slightly to 7.5 percent, a level the USDA considers optimal. This compares with a low of 2.5 percent in 1973 and a level of 7 to 8 percent in the years proceeding the shortfall of 1972.

Political: There is strong support among farm interests and concerned members of Congress for a set-aside of at least 20 percent. As Secretary Bergland indicates, if we chose to have a set-aside smaller than 20 percent, the Congress will probably try to raise the target price legislatively.

International Negotiations: State and Treasury argue that implementing a set-aside will undermine the U.S. position in seeking to negotiate an International Wheat Agreement by signaling to the other producing nations that we will assume the major adjustment burden for the world. The USDA disagrees arguing that a set-aside demonstrates U.S. determination to avoid holding more than our fair share of world stocks.

Other Commodity Decisions: Several agencies expressed a concern that this decision could have implications beyond wheat and could, in effect, narrow our options for the other commodities, particularly feedgrains. The USDA argues that the decisions are largely independent.

#### DPS Recommendation

On balance, we find the USDA arguments persuasive. The inflationary impact is minimal, as are the effects on budget cost and exports. However, the political consequences of no set-aside or a small set-aside are significant. Farm prices and incomes are now returning to levels that are both politically more acceptable and economically more reasonable. To take an action that would have the appearance, if not the effect, of condoning lower prices would undercut the record we are beginning to build. Furthermore, there would be little, if any, compensating political gain. Finally, the grain reserve we began forming last year provides an important element of protection against crop shortfalls as well as a defense against criticism for curtailing food production in the face of world hunger.

Denying a 20% set-aside would reduce farm income below current levels, but all your advisers appear to agree that these reductions would not be translated into measurable consumer savings. Barring any poor harvests worldwide, all this initiative does is protect the current level of farm income from wheat. I think it would be a serious political mistake (provoking almost sure legislative efforts in Congress) to offend the farm constituency for an inflation initiative of almost wholly symbolic value. In my judgment a 10 or 15 percent set-aside would not be seen as worthwhile by either farmers or consumers.

DECISION

\_\_\_\_\_ No set-aside (CEA, Treasury, State, COWPS,  
Esther Peterson, Henry Owen)

\_\_\_\_\_ 10 percent set-aside

☒ 20 percent set-aside (USDA, OMB, STR, DPS, Cong. Liaison)

If you choose the 20 percent option, we recommend this be announced in your Missouri speech.

\_\_\_\_\_ Agree

\_\_\_\_\_ Disagree



THE WHITE HOUSE  
WASHINGTON  
August 14, 1978

Stu Eizenstat

The attached was returned in the President's outbox today and is forwarded to you for appropriate handling.

Please notify other parties.

Rick Hutcheson

WHEAT SET-ASIDE

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ACTION  
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<input type="checkbox"/>	VANCE

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THE WHITE HOUSE  
WASHINGTON

August 12, 1978

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announce tomorrow.  
Keep Confidential

MEMORANDUM FOR: THE PRESIDENT  
FROM: STU EIZENSTAT *Stu*  
LYNN DAFT  
SUBJECT: 1979 Wheat Program

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World (+) 30 mmt*  
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production. CEA points out that, despite a substantial increase in stocks at the beginning of last year, world stocks were reduced during the year by about 9 mmt. USDA counters that reports of the current crop indicate a stock buildup over the coming year. The USDA also notes that U.S. stocks as a percent of world consumption would increase from an estimated 7.7 percent this crop year to 8.5 percent in 1979, under no set-aside. A 20 percent set-aside would lower this share slightly to 7.5 percent, a level the USDA considers optimal. This compares with a low of 2.5 percent in 1973 and a level of 7 to 8 percent in the years proceeding the shortfall of 1972.

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#### DPS Recommendation

On balance, we find the USDA arguments persuasive. The inflationary impact is minimal, as are the effects on budget cost and exports. However, the political consequences of no set-aside or a small set-aside are significant. Farm prices and incomes are now returning to levels that are both politically more acceptable and economically more reasonable. To take an action that would have the appearance, if not the effect, of condoning lower prices would undercut the record we are beginning to build. Furthermore, there would be little, if any, compensating political gain. Finally, the grain reserve we began forming last year provides an important element of protection against crop shortfalls as well as a defense against criticism for curtailing food production in the face of world hunger.

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DECISION

- ☐ No set-aside (CEA, Treasury, State, COWPS,  
Esther Peterson, Henry Owen)
- ☐ 10 percent set-aside
- ☒ 20 percent set-aside (USDA, OMB, STR, DPS, Cong. Liaison)

If you choose the 20 percent option, we recommend this be announced in your Missouri speech.

- ☐ Agree
- ☐ Disagree

A large, stylized handwritten signature, possibly 'J' or 'I', is written in the right margin of the document.





THE CHAIRMAN OF THE  
COUNCIL OF ECONOMIC ADVISERS  
WASHINGTON

August 11, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: Charlie Schultze *WSN for CS*  
SUBJECT: Wheat Set-Aside for the 1979-80 Crop

We have carefully examined the Department of Agriculture's recommendation of a 20 percent set-aside for the 1979-80 wheat crop. Based upon the following considerations, we recommend that you not approve a wheat set-aside.

1. The analysis. We have serious reservations about the USDA analysis. For example:

- o We have been told this year that the wheat and upcoming feed grain program decisions are independent of one another. However, you will recall that last year the opposite argument was advanced -- that because we had a set-aside for wheat, we must have one for feed grains (and then barley, and then cotton) to avoid large acreage shifts and to treat all producers equitably.

In our analysis, we assume that the wheat set-aside decision will lead to strong pressures for a set-aside on feed grains.

2. Prosperous Farm Sector. The economic situation in the farm sector is vastly improved over last year. USDA now estimates net farm income for the year will be \$26 billion, up from \$20.1 billion last year (private



forecasters expect the income to be near \$28 billion). This prosperity is being generally shared across the entire sector -- by grain, soybean, cotton, and livestock producers. No drastic reduction in income is expected even in the absence of set-asides.

3. Failure to meet our grain reserve objectives. Our set-aside decision last year had two objectives: raise farm incomes and create a 30-35 million metric ton (mmt) reserve by mid-1978. We succeeded in the first, but have failed on the second.

- o At present, we have only 15 (mmt) in the reserve.
- o Since a production cutback comes basically at the expense of our reserve objective, another set-aside will not provide the reserves we need to protect us against bad harvests.

4. Inflation. A set-aside is a Government action which -- although in itself small -- cumulates to create our serious inflation problem. The inflation impact of a wheat set-aside would be small if the weather is good. But (i) a set-aside will be viewed by the non-farm community as another inflationary Government action and will undermine our anti-inflation efforts and (ii) if poor weather should occur, grain prices will rise sharply.

5. The inflation risks of a set-aside. Last year, we prepared for you a "risk analysis" of the set-aside. We have updated this analysis, and the basic results are shown in the Figure:

- Relative to world consumption, stocks are about average -- lower than during the 1968-72 period and higher than the disastrous 1974-76 period.
- As is shown in the figure, a poor harvest for 1979 would send stocks to a range where prices could rise very sharply. The risk of such an event is about 1 in 8.

- A set-aside of 20 percent on wheat and 10 percent on feed grains significantly exacerbates the risks of a sharp grain price run up.

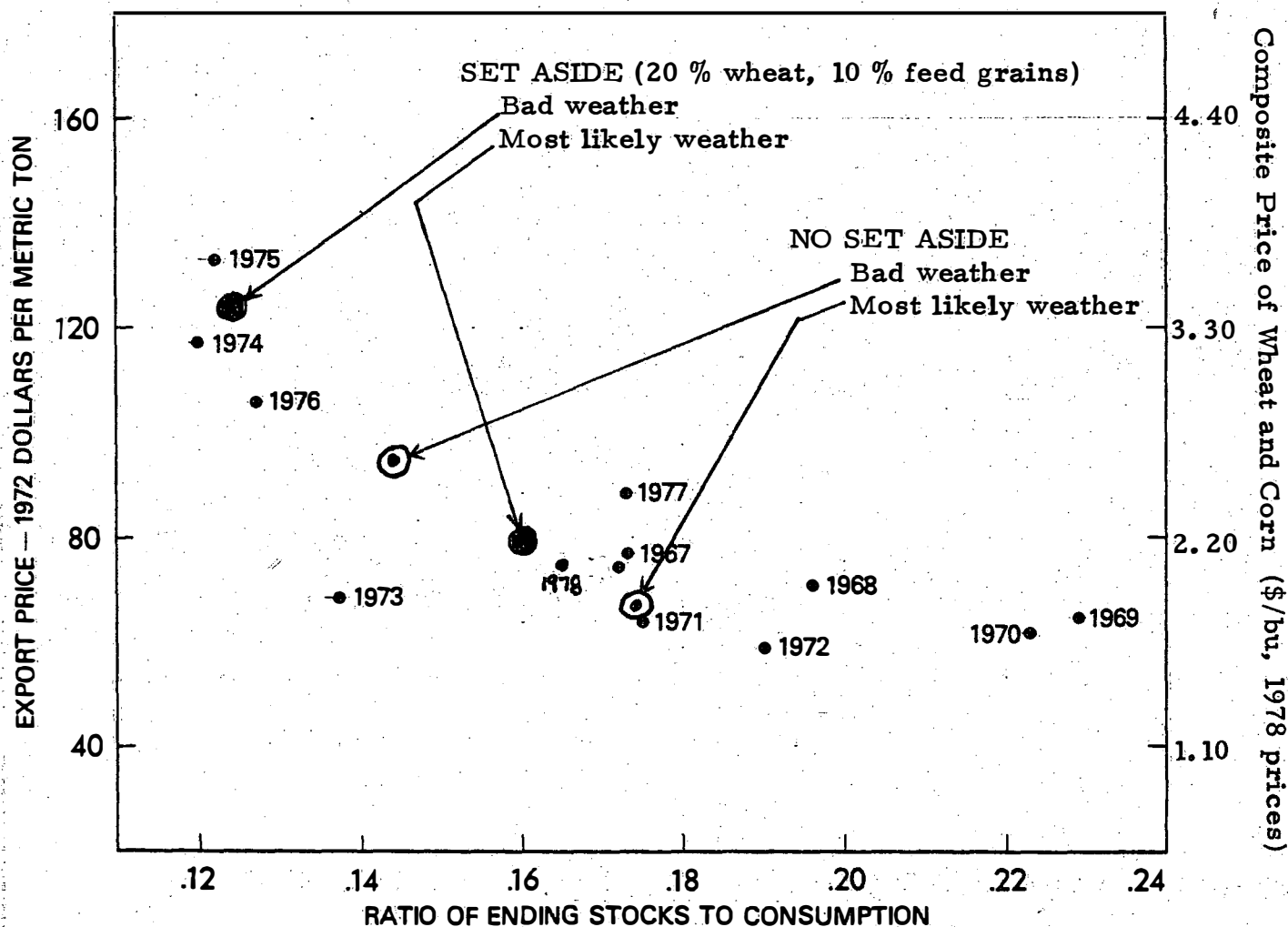
6. Agricultural politics. The only persuasive arguments for a set-aside are political, not economic. USDA and farm state members of Congress are arguing that it is politically unacceptable to reduce the wheat target price from the \$3.40 per bushel in effect for this year.

Yet:

- When we were deliberating whether to sign the 1978 act earlier in the year, USDA contended that since the bill contained discretionary authority, the Administration could not oppose its passage. USDA further argued that discretionary authority was preferable because we would be more able to resist the political pressures than would the Congress. Just as some of your advisers argued at the time, this is proving not to be the case.
- In approving the language of the 1978 Act, USDA stated and the conferees understood that the Administration intended to use the special target price authority only for 1978.
- We are now finding it very difficult to get rid of the special supplement to the target price. If it continues for one more year, we never will.

7. Budget Outlays. As discussed above, there is now little difference in budget outlays between the no set-aside and the set-aside options. The USDA-recommended 20 percent set-aside would actually increase payments by \$18 million. Total CCC outlays (including commodity loans) are \$129 million greater for the no set-aside than for the 20 percent option, but this is largely due to greater loan volume, and the loans are recoverable outlays. Thus, on balance there is no significant budget argument one way or another.

# World Wheat and Coarse Grains: Prices and Ratio of Stocks to Consumption



Source: Council of Economic Advisers, based on data from USDA

AGRICULTURE



DEPARTMENT OF AGRICULTURE  
OFFICE OF THE SECRETARY  
WASHINGTON, D. C. 20250

**AUG 11 1978**

MEMORANDUM FOR THE PRESIDENT

SUBJECT: 1979 WHEAT PROGRAM

The Food and Agricultural Act of 1977 requires that I announce the key provisions of the 1979 wheat program by August 15. You will have to be prepared to discuss the 1979 program in Missouri on Monday.

I recommend a 1979-crop wheat program with these provisions and objectives:

- \* a market support price (loan rate) of \$2.35 a bushel, the same as for the 1978-crop;
- \* to be eligible for farm program benefits, a 20-percent set-aside requirement, the same as in 1978;
- \* a target price for program participants of \$3.40 a bushel, the same as for the 1978-crop;
- \* a wheat stock objective for June 1, 1980 of 1,125 million bushels, representing 7.5 percent of projected world wheat use, the same as the current stock objective;
- \* a wheat reserve of 550 million bushels (15 mmt), the same as the current commitment including the special reserve of 150 million bushels (4 mmt), to protect our food aid commitments;

This program is expected to be anti-inflationary. Since the program provisions and stock objectives are the same, the market price for wheat is expected to be about the same in 1979 as in 1978 (around \$2.75 a bushel) and budget outlays should be down about \$280 million.

These recommendations are based on:

- \* a detailed analysis of the state of world food and agriculture, prospects for the 1978-9 season, and projections for the 1979-80 through 1982-3 seasons, with emphasis on wheat and the United States;
- \* reviews of the analytic results and 1979 program alternatives with the Working Group on Food and Agricultural Policy (see attached table);



- \* the comments received from the public in response to the invitation to comment on 1979 wheat program provisions;
- \* discussions with key Members of Congress from both parties;
- \* a meeting with farm, trade, and consumer organizations to review the options and obtain their views;
- \* a meeting with the Vice President and your other advisers.

We have memoranda from Dick Cooper, Tony Solomon and Tom Lenard, indicating that State, Treasury and the Council on Wage and Price Stability prefer no set-aside. These memoranda are attached. The Council of Economic Advisers has informally indicated they prefer no set-aside. The Office of the Special Trade Representative has informally indicated they will favor a set-aside of either 15 percent or 20 percent, depending on further analysis of price expectations.

There is considerable support for a set-aside program in excess of 20 percent from producers, farm organizations, and Members of Congress from areas where agriculture is important. A 25 or 30 percent set-aside program, without sharp weather variations, would add \$275 to \$350 million more to producers' incomes, add \$100 to \$200 million to the value of wheat exports, and lower budget outlays \$175 to \$220 million. But it would bring production below use, reducing our stocks about 60 million bushels below our stock objective, and add some inflationary pressure to food prices.

There are also advocates of a program with a smaller percentage set-aside -- 10 percent, 15 percent or even no set-aside at all. This would reduce market prices from 15 to 85 cents and have some anti-inflationary effect on food prices. But the reduction in food costs would be offset by increases in budget of \$70 to \$150 million. In addition, there would be substantial decline in returns to producers (142 to 260 million), the value of our wheat exports would drop around \$100 million, and stocks would exceed our established targets by 75 to 150 million bushels.

World wheat production this year was indicated to be about 406 mmt, within a range of 390-415 mmt, based upon conditions early in July. At 406 mmt, production would be up 24 mmt (6 percent) in spite of the 6 mmt decline in the U.S. Early August reports indicate a world wheat crop in excess of 406 mmt. The world 1978-79 consumption requirement will be lower than production, with the wheat stock buildup taking place outside the United States. The season average farm price for the 1978 crop is expected to be about \$2.75 a bushel, up from \$2.31 for the 1977 crop, but below the \$2.82 average for April-June. Reports of excess production of wheat and coarse grain has depressed wheat prices 20 cents over the past 30 days. An announcement of a reduced or no set-aside would continue the downward pressure on wheat prices.

Some have concluded that a wheat set-aside would (1) jeopardize world food security, and (2) reduce our chances of obtaining a satisfactory International Wheat Agreement which includes burden-sharing by both other exporters and importers. As the Department with direct operating responsibility for both P.L. 480 and the International Wheat negotiations, we disagree with these assessments.

The USDA has the government-wide responsibility for collecting and reporting crop conditions in foreign countries. No major developing country has serious crop problems at this time, indeed, the opposite is true. India has just harvested a record wheat crop, has government stocks of about 20 million metric tons, and is experiencing a good monsoon with the prospect of another good rice crop. The same is true of most other large Asian countries. Thus, a wheat set-aside will not jeopardize world food security.

Regarding wheat negotiations, we disagree with the position taken by the State Department. If the United States accumulates greater stocks, the incentive for any burden-sharing by other exporters and importers will be sharply reduced. The head of the U.S. delegation to the wheat negotiations is the Assistant Secretary of Agriculture for International Affairs and Commodity Programs. He believes that a wheat set-aside is desirable to maintain the credibility of our position that we will not unilaterally become the world's only stockholder.

Anything less than a 20-percent set-aside would have, in my judgment, serious and damaging political consequences in farm country and put intolerable strain on our generally improving relationships with farm-state Members of Congress.

No set-aside, or a token set-aside, would be perceived (and played heavily by Republican Members and candidates) as proof that this Administration follows a "cheap food" policy at farmers' expense. Such a decision would be combined, in farmers' minds, with the beef import decision to conclude that the Administration is making the farmer the principal whipping boy in the fight on inflation.

To decide against a set-aside also would set up an immediate confrontation with the Agriculture Committees in the Congress.

One of our highest priority legislative proposals, the International Emergency Wheat Reserve, is being marked up in Committee at this time. I have been politely informed that if we decide to reduce the target price below the \$3.40 level of 1978 (which would occur if we reduce the set-aside requirement) that the bill almost certainly will be amended in Committee to increase the target price. Thus, we would face the prospect of either a veto or a huge budget exposure for target price payments alone.

The inevitable political confrontation would provide advantages for Republican candidates in farm states and serious disadvantages for candidates in farm states such as Dick Clark in Iowa, Max Baucus in Montana, Bill Roy in Kansas, and Jim Exon in Nebraska. A large number of seats in the House of Representatives would be adversely effected.

Some of your advisers favor no set-aside because it would be more anti-inflationary than a 20 percent set-aside. The price of wheat was \$2.82 from April through June. With no set-aside, it would continue to drift lower and average around \$2.50 a bushel or lower for the 1979 crop. Thus, the no set-aside argument advocates returning to where we were in 1977 and is not based on a comparison with our 1978 outcome.

Domestic use of wheat is almost entirely for cereal foods. It does not significantly affect livestock supplies or prices. Moreover, analyses show that a 20-percent set-aside on wheat would only increase outlays by millers and bakers by about one percent over that spent in 1978-79 due to higher usage. It would only maintain the 1978 price. This would have an almost imperceptible impact on the CPI.

I and my senior policy people for these programs have met with House and Senate members from wheat areas of both parties, with farm organization leaders, and with representatives of the major grain exporting firms over the past 10 days. We have discussed the options ranging from 0 to 25 percent set-aside and our estimates of U.S. and world supply demand conditions with them. There is no significant disagreement with our analysis, although five of the six large export firms project slightly lower exports and lower farm prices than we have under all alternatives.

All of the Members of Congress we met with agreed that a 20-percent set-aside was desirable. All the farm leaders agreed a 20-percent set-aside was the minimum needed, and some thought we should go to 25 or 30 percent.

We received over 2,100 responses to our notice of proposed rulemaking. Over 700 responses dealt with the question of set-aside. All expressed a need for set-aside with a majority proposing 20 percent or 25 percent. Set-aside was preferred over land diversion to reduce acreage. Other comments were related to general program provisions, i.e., determination of harvested acreage, the national cropland acreage, the timing of program announcements, etc. (See attached summary of public comments.)

National organizations also submitted comments and were given an opportunity to discuss the program analysis at a public meeting on August 8, 1978. Their recommendations are covered in the attachment.

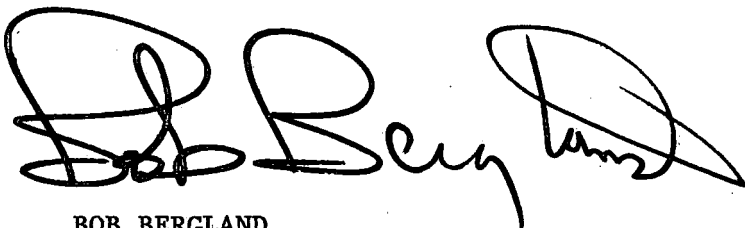
The decision on the wheat set-aside does not lock us in to a particular position on the feed grains decision we must announce in November. The size of the 1978 U.S. corn crop, coupled with our livestock and oilseed situation and the coarse grain supplies in the rest of the world will determine the need for a feed grain set-aside in 1979. The August estimate of U.S. and world coarse grain production, however, indicates the case for a set-aside or diversion program will be persuasive. The August 1 U.S. crop report estimates the 1978 corn crop at 6.50 billion bushels, up 6% from the July estimate of 6.15 bushels.

The decision on whether or not to have a wheat set-aside hinges primarily on estimates of supply and demand for wheat. If a decision were made to set aside wheat but not feed grains, there would be a minor impact on sorghum and barley plantings (perhaps 1/2 million acres or a reduction of 15 million of wheat).

Finally, the set-aside program is self-correcting if an unlikely increase in world demand for wheat appears. Many winter wheat farmers will plant wheat on all their wheat land and then decide whether to comply early next spring. If market prices should rise they will stay out of the program and we could remove the set-aside for spring planted wheat entirely. Thus, a set-aside with a target price gives us a good chance of avoiding over-production and a safety valve against shorting the market.

In summary, I want to reiterate a 20-percent set-aside with a \$3.40 target price is expected to:

- \* Keep total budget outlays for wheat well below this year and below the no set-aside option.
- \* Not add to food price inflation.
- \* Maintain producer returns at current levels.
- \* Maintain present wheat price levels at the farm.
- \* Minimize the decline in export earnings from wheat.
- \* Avoid over-shooting our stock target and reserve target.
- \* Reduce pressures for costly and inefficient program changes during the year.



BOB BERGLAND  
Secretary

# WHEAT SET-ASIDE ANALYSIS

	Units	1977/78	1978/79	1979/80			
				No Set-aside	10% Set-aside	20% Set-aside	30% Set-aside
Acreage Planted	mil. acres	74.8	66.3	73.0	69.0	65.5	61.0
Set-aside average <sup>1/</sup>	"	--	8.6(1.4)	--	6.0	10.0	13.5
Total acreage	"	74.8	76.3	73.0	75.0	75.0	74.5
Harvested acreage	"	66.2	56.5	65.3	61.1	57.0	53.1
Yield	bu./acre	30.6	31.9	31.0	31.5	31.7	32.0
Production	mil. bu.	2026	1817	2025	1925	1807	1699
Beginning stocks	"	1112	1174	1148	1148	1148	1148
Total supply	"	3140	2993	3175	3075	2955	2849
Feed use	"	193	100	100	100	90	75
Food, seed, etc.	"	649	645	660	652	650	642
Total domestic use	"	842	745	760	752	740	717
Exports	"	1124	1100	1140	1120	1080	1065
Total use	"	1966	1845	1900	1872	1830	1782
Ending stocks	"	1174	1148	1275	1203	1135	1067
Reserve	"	388	550	550	550	550	550
Under loan	"	274	100	225	140	90	60
Free stocks	"	512	498	500	498	495	457
Loan price	\$/bu.	2.25	2.35	2.35	2.35	2.35	2.35
Target price	"	2.90	3.40	2.98	3.20	3.40	3.60
Farm price	"	2.31	2.75	2.50	2.60	2.75	3.00
Value of production	mil. \$	4680	4997	5063	5005	4969	5097
Cash costs	"	5685	5437	6132	5916	5702	5394
Direct payments	"	1175	978	1069	1178	1119	958
Producer returns (\$)	"	170	538	0	267	386	661
(1972 \$)	mil. 72 \$	89	261	0	121	175	300
Total CCC outlays	mil. \$	1205	1600	1393	1469	1322	1100
Deficiency payments	"	1010	776	879	983	914	743
Acreage payments	"	--	27	--	--	--	--
Loan and inventory	"	+ 70	522	224	191	103	42
Other	"	265	275	290	295	305	315
World							
Beginning stocks	mil. metric t.	94.6	78.9	83.7	84	84	84
Production	"	381.4	412.7	415.0	412	409	407
Total Supply	"	476.0	491.6	498.7	496	493	491
Total consumption	"	397.1	407.9	413.0	413	412	412
Ending Stocks	"	78.9	83.7	85.7	83	81	79
U.S.	"	32.0	31.2	35.0	83	31	29
Non-U.S.	"	46.9	52.4	50.7	50	50	50
U.S. stocks/world consumption	%	8.1	7.7	8.5	8.0	7.5	7.0
Value of U.S. wheat exports	bil. \$	3.8	4.2	4.0	4.0	4.1	4.4
Outlays by millers & bakers	mil. \$	-196	+240	-104	-57	+14	+132

<sup>1/</sup> Grazing and haying acreage in parenthesis.



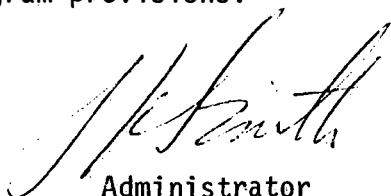
UNITED STATES DEPARTMENT OF AGRICULTURE  
AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE  
P. O. BOX 2415 \* \* \* WASHINGTON, D. C. 20013

AUG 8 1978

SUBJECT: Summary of Public Comments - 1979 Wheat Program

TO : The Secretary  
THROUGH: Assistant Secretary for International Affairs  
and Commodity Programs

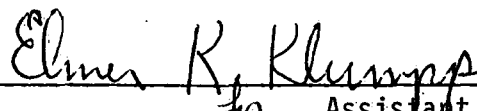
A notice of proposed rulemaking concerning 1979 wheat program determinations needing to be made by you on or before August 15 was published in the Federal Register on June 27. The public comment period ended August 4. Over 2,100 responses were received. A summary of these responses is enclosed and is being transmitted for your review and consideration before final decisions are made concerning the 1979 wheat program provisions.



Administrator

Enclosure

Concurred:

  
for Assistant Secretary for  
International Affairs and Commodity Programs

8/8/78  
Date

SUMMARY OF COMMENT RECEIVED  
NOTICE OF PROPOSED RULEMAKING - 1979 WHEAT PROGRAM

Comments were received from 2,180 producers and groups. Breakdown is as follows:

<u>Number of States</u>	35
Producer comments	2,005
Congressional	3
State government	3
National organizations	9
State organizations	32
ASC State and county committees	136

The majority of comments centered around three issues; (1) set-aside, (2) land diversion, and (3) voluntary reduction. All set-aside comments expressed a need for a set-aside. Levels ranged from 10 percent to a level high enough to obtain at least 90 percent of parity. Most comments suggested a level of 20 to 25 percent. Comments concerning land diversion on a bid basis were unanimously opposed to such a system. Only one comment was received favoring such a system while 956 expressed opposition. Considerable concern was expressed by 958 responses asking that 1978 set-aside, haying and grazing, and diversion acreage be credited as harvested acreage for 1979 program purposes and application of the voluntary reduction in 1979.

Six specific issues were discussed in the notice of proposed rulemaking. Each of the issues are listed below along with a summary of specific comments received. Comments from national organizations and Congressmen are listed separately.

This summary of comments includes comments received through August 7. Comments received after this date will be summarized later.

a. Producers, State government, State organizations, and State and county ASC committees

1. Set-Aside. Comments received-726.

- a. Set-aside from NCA rather than commodity specifically.
- b. Set-aside needed with adjustment to compensate producers for participation in such set-aside.
- c. Recommended set-aside levels ranged from a minimum of 10 percent to levels high enough to result in target levels of not less than 90 percent of parity. Most comments recommended set-aside of 20 to 25 percent.
- d. Set-aside at level which results in production of 90 percent of use.
- e. Should have set-aside level and an equal level as additional paid diversion.
- f. Allow grazing of set-aside acreage throughout the program year.

2. National program acreage. Comments received-10.
  - a. Should be three-year average base.
  - b. Acreage levels ranged from 53.5 million acres to 70 million acres.
3. Acreage limitation. Comments received-75.
  - a. No limitation should be placed on wheat acreage except for NCA limitation.
4. Voluntary reduction. Comments received-958.
  - a. Set-aside, haying and grazing, and diversion acres for 1978 should be credited as harvested acreage for 1979 program purposes.
5. Land diversion. Comments received-1,209.
  - a. 99 percent of comments opposed bid system for land diversion. Points of opposition were; (1) procedure confusing, (2) difficult for local ASCS offices to administrate, (3) would favor large farms and marginal land, (4) creates uncertainty as to acceptance of bids, and (5) causes dissatisfaction among farmers.
  - b. Diversion payments should be made on acreage required to be idled.
  - c. Payment rate should not be less than 80 percent of land rental.
6. Special haying and grazing program. Comments received-75.
  - a. Should be continued with payment of \$75 per bushel times farm program yield.
  - b. Program should be continued. Announcement should be made early enough to allow farmers to make grazing plans.
7. General comments.
  - a. Program provisions need to be announced early enough to all farmers to make cropping plans.
  - b. Loans at 90 percent of parity; reserve release at 110 percent of parity. Parity pricing should be mandatory.
  - c. NCA's should include all commodity acreage.
  - d. Offsetting and cross-compliance provisions should be eliminated.
  - e. Require at least 50 percent of set-aside acreage be planted to grasses or legumes.
  - f. Programs should be mandatory.
  - g. Grazing of set-aside should be permitted for six months ending June 1.
  - h. Allow more local control on maintenance of set-aside acreage.



- i. Should be able to seed at least 50 percent of crop-land.
- j. Aggregate compliance should be allowed.
- k. County committees should be given more latitude in making NCA adjustments.
- l. Allow farmer to plant 55 percent of tillable acreage.
- m. Remove 1 percent reserve on NCA adjustments.
- n. Alfalfa should be included in farm NCA.
- o. Program penalized summer-fallow farmers.

B. National organizations and Congressmen

- 1. National Association of Wheat Growers (NAWG).
  - a. National program acreage not more than 56.5 million acres.
  - b. 1979 target of \$4.
  - c. 1978 set-aside, haying and grazing, and voluntarily reduced acreage should be considered as harvested acreage for 1979 program purposes.
  - d. Set-aside percentage not less than that for 1978.
  - e. Opposes land diversion requirement and limitation on planted acreage. Does not feel a land diversion program on a bid basis can be implemented on an equitable and timely basis.
  - f. Supports continuation of special hay and grazing program.
  - g. Continue authorization for grazing set-aside acreage with dates established by State committees.
  - h. Recommends ASC county committees be given a high degree of authority and flexibility in making program provisions compatible with local farming conditions.
- 2. National Farmers Organization (NFO).
  - a. Set-aside at least 20 percent for 1979.
  - b. Recommends that for 1979 program purposes, planted acreage be interpreted to mean the acreage planted in 1978 plus acreage diverted under the program.
  - c. Land diversion-supports offer rate system and will not support a program based on bid procedure.
  - d. The handling of set-aside acreage should truly be conserving in nature to the extent this can be accomplished under prevailing local weather conditions and weed district regulations.
  - e. Supports the producer-held reserve program.
  - f. Urges that changes made in the 1979 program be designed to simplify the program.

3. National Farmers Union (NFU).
  - a. Recommends 1979 national program acreage of 40.0 million acres.
  - b. Recommends a 30 percent set-aside of the acreage planted for harvest in 1978.
  - c. Recommends that payment for set-aside be at a level not less than the cost of maintaining set-aside acreage, including (1) cost of planting conserving crop, (2) equipment cost and taxes.
  - d. Recommends offer rate diversion rather than submission of bids. Bid system would be highly discriminatory to the smaller producer and would complicate administration at local levels. Such procedure would be advantageous to absentee land owners who are primarily speculators in farmland further weakening the bonifide family farmers.
  - e. Recommends adequate carryover on June 1, 1979, should be 950 million bushels.
4. National Association of Farmer Elected Committeemen (NAFEC).
  - a. Opposes payment of land diversion on a bid basis.
  - b. Recommends for 1979 program purposes that 1978 set-aside, hay and grazing, and diversion acreage be considered as harvested acreage.
5. National Grange.
  - a. Recommends grass for seed production be included in farm NCA's.
  - b. With a set-aside in effect, recommends against a land diversion requirement and a limitation on planted acreage.
  - c. Opposed to land diversion on bid basis.
  - d. Supports continuation of special hay and grazing program.
  - e. Supports continuation of grazing on set-aside acreage with dates established by State ASC committees.
  - f. National program acreage for 1979 should not exceed 56.5 million acres.
  - g. 1979 target price should be \$3.80.
  - h. 1978 set-aside, hay and grazing and diversion acreage should be considered as harvested acreage for 1979 program purposes.
  - i. Recommends set-aside program for 1979 at 20 percent.
6. American Bakers Association.
  - a. With food price inflation expected to reach 10 percent this year, it is essential that government policy not

- encourage any significant increase in wheat prices.
  - b. Government policy should continue to support an adequate reserve of wheat.
  - c. Recommends set-aside level for 1979 of not more than 10 percent.
  - d. No supplemental diversion program of any kind should be considered for wheat.
  - e. Does not recommend continuation of special hay and grazing program at this time.
- 7. Independent Bankers Association of America.
  - a. Recommends announcement of wheat set-aside at earliest possible time. Announcement needed not later than July 15, 1978.
- 8. North American Export Grain Association.
  - a. Opposed to the concept of set-aside.
  - b. If a set-aside is determined necessary, it should be as small as possible and should be tied to as aggressive an export promotion program as possible.
  - c. Feels strongly that the U. S. should now be considering more seriously how it can increase its share of the world markets, rather than how it should be decreasing its production.
- 9. National American Agriculture Movement.
  - a. Recommends that the set-aside for 1979 be set at such a level that would result in at least 90 percent of parity.
- 10. Congressman Jack Hightower, Texas.
  - a. National program acreage 10 percent less than 1978 level.
  - b. Voluntary reduction should be 10 percent.
  - c. A 30 percent set-aside for 1979 is necessary to bring stocks back into balance.
  - d. Set-aside should be large enough to prevent having to make land diversion payments. Favors offer rate system rather than bid.
  - e. No limitation on planted acreage.
  - f. Continue special hay and grazing program.
- 11. Congressman Dan Glickman, Kansas.
  - a. Recommends set-aside for 1979 at no level. (No specific level suggested)
  - b. Program provisions should be announced as early as possible.
  - c. Opposes land diversion on bid basis.
  - d. 1978 set-aside, hay and grazing and diversion acreage should be considered as harvested acreage for 1979 program purposes.

12. Congressman Keith Sebelius, Kansas.

- a. Recommends set-aside for 1979 at no level.
- b. Set-aside decisions should be made immediately to enable farmers to make plans before seeding this fall.
- c. Recommends farmers not be required to idle more than 55 percent of their cropland.
- d. Concentrate more effort on increasing agricultural product exports.

TREASURY



THE SECRETARY OF THE TREASURY  
WASHINGTON 20220

PRIORITY

August 11, 1978

MEMORANDUM FOR THE PRESIDENT

Subject: Your Decisions on Wheat Set-Aside  
and Meat Imports

With food prices having risen at an annual rate of 18 percent during the first half of this year, I believe that decisions regarding particular parts of the farm program must be taken in the context of your overall economic policy strategy. The pros and cons in terms of the interests of the farm community should be viewed particularly in the context of our anti-inflation program. I believe it would be virtually impossible to obtain public and Congressional support for an anti-inflation program aimed at containing wage pressures if food prices continue to rise.

All of us underestimated the pressures on consumer prices that materialized this year in general, and the pressures on food prices in particular. This development, which has contributed significantly to the dangerous ratcheting up of inflationary expectations, illustrates the precariousness of forward estimates of demand and supply balances in the food sector. At this moment in time, we should err on the side of safety in assuring adequate production to meet domestic demand plus a level of exports high enough to help our trade balance and strengthen the dollar.

Therefore, I recommend a no set-aside decision on wheat. In order to assure that farm incomes do not suffer unduly, positive steps should be taken to continue the orderly expansion of U.S. export markets. In this regard, a tentative announcement regarding wheat supply availabilities, especially under the U.S./USSR agreement, could be included in the August 15 announcement. In addition, a clear formulation of plans regarding the farmer-owned reserve could forestall producer concerns about potential

supply pressures on prices. A package of announcements, which links a no set-aside decision to potential measures to maintain producer income would meet the inflationary safety issue as well as producer concerns regarding income.

I also recommend that you oppose the countercyclical formula that would regulate meat imports under current legislative initiatives in the House and that you make clear the continuing need for Presidential authority to suspend meat import quotas, an authority which would otherwise be severely limited.

A handwritten signature in dark ink, appearing to read 'Mike', is positioned above the printed name.

W. Michael Blumenthal

HENRY OWEN



# WITHDRAWAL SHEET (PRESIDENTIAL LIBRARIES)

FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
Memo	Frank Moore to Pres. Carter, w/attachments 17 pp., re:Weekly Legislative Reports	8/12/78	A
Memo	Harold Brown to Pres. Carter, w/attachments 4 pp., re:Defense Summary	8/11/78	A
Memo	Edward Sanders to Pres. Carter, w/attachments 3 pp., re:Sen. Cranston Phone Call	8/11/78	A
Memo	Henry Owen to Pres. Carter, 2 pp., re:Wheat Set-aside	8/11/78	A
Cabinet Summary	Andrew Young to Pres. Carter, 1 pg., re:UN Activity	8/11/78	A
Memo	Lipshutz to Pres. Carter, w/attachments 2 pp., re:Estroff Visit	8/14/78	C

## FILE LOCATION

Carter Presidential Papers-Staff Offices, Office of Staff Sec.-Presidential Handwriting File, 8/14/78 Box 99

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OMB



EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET  
WASHINGTON, D.C. 20503

8/10/78

MEMORANDUM FOR: LYNN DAFT  
FROM: ELIOT CUTLER   
SUBJECT: 1979 Wheat Program

With our reserve now in place to cushion against a low production year, the program should be tilted toward protection of farm income and the Federal budget against unusually high production.

OMB therefore supports a 1979 wheat crop program with the following characteristics:

Item	Specification
Amount of set-aside	20 percent
With or without diversion payments	Without
Target price	\$3.40/bu.
Loan level	\$2.35/bu.
Grazing and hay program	No

A program with these characteristics is recommended because:

- It maintains farm income from wheat at 78-79 level or just slightly better.
- It will maintain production at the 78-79 projected level.
- It will maintain market prices at about the same level as projected for the current market year (or slightly higher if the USSR crop is larger this year than USDA analysis assumes - some agencies are estimating a larger USSR crop).
- We estimate budget costs to be less than 78-79 and less than lower set-aside options.

- Consumer price effect will be inconsequential - virtually undetectable in the CPI.
- Exports will be about even with this year.
- Program implementation will be simplified.
- Producer groups will get the program they want - except for the haying and grazing provision.

We would oppose the haying and grazing because:

- . it is unnecessary at this set-aside level.
- . it is subject to abuse and its effectiveness is questionable.

We would oppose a paid diversion program as unnecessary to get compliance, subject to easy abuse, and an unnecessary budget expense.

ESTHER PETERSON

THE WHITE HOUSE

WASHINGTON

MEMORANDUM FOR:

LYNN DAFT

FROM:

ESTHER PETERSON

SUBJECT:

1979 Wheat Program

We oppose any significant set-aside for the 1979 wheat crop, and vigorously dispute the conclusions of the USDA memo:

1. A 20 percent set-aside is inflationary, not deflationary;
2. Adopting the USDA proposal will commit the Administration to similar programs for other crops in 1979, as past experience and USDA arguments indicate;
3. USDA is promoting an "expensive" food, policy by assuming near record farm income levels in 1978 are income benchmarks for food policy planning;

The USDA proposal for a 20 percent set-aside claims it would result in "a market price for 1979-crop wheat at the 1978-crop level of approximately \$2.80 a bushel," which is the same claim made last week with respect to a 15 percent set-aside. The Department's own numbers indicate that a 20 percent set-aside would increase the price of wheat to \$2.90. Based on past experience, we place more faith in these earlier estimates than in the most recent ones.

USDA forecasts have underestimated increases in farm and food prices and there is no reason to believe that present forecasts of the effects of a 20 percent set-aside are any different. Moreover, since forecasts are necessarily based upon "normal" weather, we cannot afford to risk (a) that the USDA has underestimated the inflationary effects of its proposed policy or (b) that we will experience worse than average weather.

Wheat is the first of the food policy decisions which will affect food prices and the CPI in 1979. The decision, which will be made without first deciding an acceptable rate of increase in 1979 food prices, will be viewed here and abroad as indicating the prospects for lessening the U.S. inflation rate.

THE WHITE HOUSE

WASHINGTON

August 14, 1978

MEMORANDUM TO THE PRESIDENT

FROM: EDWARD SANDERS *ES*

I thought you would be interested in the attached statements. They are representative of the viewpoint of the community.

ES:ss

Attachments



# CONFERENCE OF PRESIDENTS OF MAJOR AMERICAN JEWISH ORGANIZATIONS

515 PARK AVENUE  
NEW YORK, NEW YORK 10022  
Plaza 2-1616  
Cable Address: COJOGRA

Contact: Richard Cohen, 879-4500

For Immediate Release

## **AFFILIATED ORGANIZATIONS:**

American Israel Public  
Affairs Committee  
American Jewish Congress  
American Mizrahi Women's  
Organization  
American Zionist Federation  
Anti-Defamation League  
B'nai B'rith  
B'nai B'rith Women  
Bnai Zion  
Central Conference of  
American Rabbis  
Council of Jewish Federations  
and Welfare Funds (observer)  
Hadassah  
Jewish Labor Committee  
Jewish Reconstructionist  
Foundation  
Jewish War Veterans  
of the U.S.A.  
Labor Zionist Alliance  
Mizrahi-Hapoel Hamizrachi  
National Committee for  
Labor Israel, Inc.  
National Council of  
Jewish Women  
National Council of  
Young Israel  
National Federation of  
Temple Sisterhoods  
National Jewish Community  
Relations Advisory Council  
National Jewish Welfare Board  
North American Jewish  
Youth Council  
Pioneer Women  
The Rabbinical Assembly  
Rabbinical Council of America  
Union of American Hebrew  
Congregations  
Union of Orthodox Jewish  
Congregations of America  
United Synagogue of America  
Women's American ORT  
Women's League for  
Conservative Judaism  
World Zionist Organization  
American Section, Inc.  
Zionist Organization of America

## **PRESIDENTS' CONFERENCE LEADER HAILS**

## **FORTHCOMING BEGIN-SADAT MEETING IN**

## **CAMP DAVID UNDER CARTER'S AUSPICES**

Commenting on the announcement that Prime Minister Begin of Israel and President Sadat of Egypt would meet in Camp David with President Carter next month, Theodore R. Mann of Philadelphia, chairman of the Conference of Presidents of Major American Jewish Organizations, said today (Tuesday):

"We are pleased to learn of the historic meeting that is to take place and we appreciate President Carter's initiative and leadership in bringing the parties together.

"This is the proper and legitimate role of our government in its efforts to help bring about peace in the Middle East."

X X X

RCcort-8878  
ByH:ByHIC:IC.

*news*

# AMERICAN JEWISH CONGRESS

STEPHEN WISE CONGRESS HOUSE, 15 EAST 84th STREET • NEW YORK, N. Y. 10028 • TRAFALGAR 9-4500

Richard Cohen, Director  
Public Relations Department

For Immediate Release

Statement by Howard M. Squadron,  
President, American Jewish Congress,  
On the Begin-Sadat Meeting in Camp David

"We were delighted at the news of the meeting in Camp David.

"The peoples of both Egypt and Israel would so clearly be the beneficiaries of peace that we have always felt the outstanding differences between the parties could be resolved given only enough sincerity, good will and, above all, patience.

"The President is to be congratulated for providing the context for a meaningful peace discussion. His contribution is in the highest tradition of American statesmanship."

X X X

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ByH:ByHIC:IC:  
Off:Reg:Affil.